

By Mr. BARRY:

H. R. 3042. A bill to amend section 105 (b) of the Servicemen's Dependents Allowance Act of 1942 for the purpose of increasing the Government's contribution to the family allowance of servicemen having wives and children; to the Committee on Military Affairs.

By Mr. CANNON of Missouri:

H. R. 3043. A bill to provide relief to farmers whose property was destroyed or damaged by floods in 1943; to the Committee on Appropriations.

By Mr. HINSHAW:

H. R. 3044. A bill to exclude service performed by certain real-estate salesmen from the definition of "employment" under the Federal Unemployment Tax Act; to the Committee on Ways and Means.

By Mr. RANKIN:

H. R. 3045 (by request). A bill to promote the welfare of persons discharged for disability from the military and naval forces during World War No. 2 by establishment in the Treasury of the emergency loan fund, Veterans' Administration, and for other purposes; to the Committee on World War Veterans' Legislation.

By Mr. CANNON of Missouri:

H. J. Res. 141. Joint resolution to provide priorities with respect to farm machinery and equipment to farmers in areas affected by floods in 1943; to the Committee on Agriculture.

H. J. Res. 142. Joint resolution authorizing the Secretary of Agriculture to suspend limitations on production in areas affected by floods in 1943; to the Committee on Agriculture.

By Mr. BENDER:

H. Con. Res. 31. Concurrent resolution appealing to every citizen to support our gallant armen, soldiers, and sailors with racial cooperation at home; to the Committee on the Judiciary.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. COURTNEY:

H. R. 3046. A bill for the relief of Hershell Parrish; to the Committee on Claims.

By Mr. ROLPH:

H. R. 3047. A bill granting a pension to Irene M. Estes; to the Committee on Invalid Pensions.

H. R. 3048. A bill granting an increase of pension to Josephine Morris Rowan; to the Committee on Pensions.

By Mr. ROGERS of California:

H. R. 3049. A bill for the relief of Mrs. Joe J. Svejksky; to the Committee on Claims.

#### PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1735. By Mr. ANDERSON of California: Petition of Mary Albanese, requesting the passage of legislation against the return of the Japanese to the Pacific coast; to the Committee on Immigration and Naturalization.

1736. By Mr. GRIFFITHS: Petition of 125 citizens of Zanesville, Ohio, urging support of House bill 2082, introduced by Hon. JOSEPH R. BRYSON, of South Carolina, to reduce absenteeism, conserve manpower, and speed production of materials necessary for the winning of the war, by prohibiting the manufacture, sale, or transportation of alcoholic liquors in the United States for the duration of the war and until the termination of demobilization; to the Committee on the Judiciary.

1737. By Mr. HEIDINGER: Communications from F. E. Giltner, president, Massac-

County Farm Bureau; one from Ernie Harper, of Belknap, Ill.; and also one from William Maedeker, of Rosebud, Ill., earnestly opposing the proposed subsidy and price roll-back on foods; to the Committee on Agriculture.

1738. Also, communication from the Farm Bureau of Richland County, Ill., opposing the proposed subsidy and roll-back on food prices; to the Committee on Agriculture.

1739. Also, communications from Fred Kotter and C. P. Fletcher, of Karnak; Allen Rottmann, Walter E. Dyer, Charles L. Adkins, Carl Baccus, and Fritz Kruger, of Metropolis; and S. A. Lynn, of Brookport, all representative farmers of Massac County, Ill., opposing the proposed subsidy and price roll-back on foods; to the Committee on Agriculture.

## SENATE

FRIDAY, JUNE 25, 1943

(Legislative day of Monday, May 24, 1943)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Our Father God, in a world filled with the clamor of those whose trust is in violence and with the boasting of those who reckon not with the ultimate supremacy of forces unseen and eternal, we come seeking fortitude and stability as we rest our souls in those final and vital things stronger than the noise of the world. Confront us, we beseech Thee, with a vision of Thy majesty that we may be stripped of pride and made humble and penitent.

Save us from being victims of the apparent and the transient. Give us the steady confidence that behind the uncharted riot of today there hides a power whose invisible energy is the real master of the field. May we keep that faith even when the obtrusive circumstances of the hour shriek against that creed. And so in dark and dangerous days may we still be able to utter our glad and grateful confidence:

*Though an host should encamp against me, my heart shall not fear; though war should rise against me, in this will I be confident: The Lord is my light and my salvation; whom shall I fear? The Lord is the strength of my life; of whom shall I be afraid?*

Amen.

#### THE JOURNAL

On request of Mr. HILL, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Thursday, June 24, 1943, was dispensed with, and the Journal was approved.

#### CALL OF THE ROLL

Mr. HILL. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The CHIEF CLERK called the roll, and the following Senators answered to their names:

Alken	Bone	Burton
Andrews	Brewster	Butler
Ball	Bridges	Byrd
Bankhead	Brooks	Capper
Bilbo	Buck	Caraway

Chavez	McCarran	Scrugham
Clark, Mo.	McClellan	Shipstead
Connally	McFarland	Smith
Davis	McKellar	Stewart
Downey	McNary	Taft
Eastland	Maloney	Thomas, Idaho
Ellender	Maybank	Thomas, Okla.
Ferguson	Mead	Thomas, Utah
George	Millikin	Tobey
Gerry	Moore	Truman
Green	Murdock	Tunnell
Guffey	Murray	Tydings
Gurney	Nye	Vandenberg
Hatch	O'Daniel	Van Nuys
Hawkes	O'Mahoney	Wagner
Hayden	Overton	Wailgren
Hill	Pepper	Walsh
Holman	Radcliffe	Wheeler
Johnson, Colo.	Reed	Wherry
Kilgore	Revercomb	White
La Follette	Reynolds	Wiley
Langer	Robertson	Willis
Lodge	Russell	Wilson

Mr. HILL. I announce that the Senator from Virginia [Mr. GLASS], the Senator from Kentucky [Mr. BARKLEY], and the Senator from Louisiana [Mr. ELLENDER] are absent from the Senate because of illness.

The Senator from North Carolina [Mr. BAILEY], the Senator from Idaho [Mr. CLARK], and the Senator from Illinois [Mr. LUCAS] are detained on important public business.

The Senator from Iowa [Mr. GILLETTE] is necessarily absent.

The junior Senator from Kentucky [Mr. CHANDLER] is absent, having been directed by the Committee on Military Affairs, as a subcommittee of one, to visit the hospital ship which recently reached New York from Africa.

Mr. McNARY. The Senator from Vermont [Mr. AUSTIN] and the Senator from New Jersey [Mr. BARBOUR] are necessarily absent.

The Senator from South Dakota [Mr. BUSHFIELD] is absent on official business as a member of the Indian Affairs Committee.

The Senator from California [Mr. JOHNSON] is absent because of illness.

The VICE PRESIDENT. Eighty-four Senators have answered to their names. A quorum is present.

#### EXECUTIVE COMMUNICATIONS

The VICE PRESIDENT laid before the Senate the following communications, which were referred as indicated:

SUPPLEMENTAL ESTIMATE FOR WAR DEPARTMENT—IMPROVEMENT OF EXISTING RIVER AND HARBOR WORKS (S. Doc. No. 76)

A communication from the President of the United States, transmitting a supplemental estimate of appropriation, fiscal year 1944, for the War Department, for the improvement of existing river and harbor works, to remain available until expended, amounting to \$7,095,000 (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

ESTIMATE FOR FEDERAL WORKS AGENCY, PUBLIC ROADS ADMINISTRATION (S. Doc. No. 77)

A communication from the President of the United States, transmitting an estimate of appropriation, fiscal year 1944, in the amount of \$12,000,000 for the Federal Works Agency (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

JUDGMENTS RENDERED AGAINST THE GOVERNMENT BY A DISTRICT COURT IN A SPECIAL CASE (S. Doc. No. 78)

A communication from the President of the United States, transmitting, pursuant to

law, records of judgments rendered against the Government by a district court in a special case, requiring an appropriation of \$19,864.80, together with an indefinite appropriation to pay interest (with accompanying papers); to the Committee on Appropriations and ordered to be printed.

**JUDGMENTS RENDERED BY THE COURT OF CLAIMS**  
(S. Doc. No. 79)

A communication from the President of the United States, transmitting, pursuant to law, a schedule of judgments rendered by the Court of Claims and requiring an appropriation for their payment, amounting to \$486,486.20 (with accompanying papers); to the Committee on Appropriations and ordered to be printed.

**JUDGMENT RENDERED AGAINST THE GOVERNMENT BY DISTRICT COURTS (UNDER THE NAVY DEPARTMENT)** (S. Doc. No. 80)

A communication from the President of the United States, transmitting, pursuant to law, a record of judgment rendered against the Government by the district courts requiring an appropriation of \$6,688.72 together with an indefinite appropriation to pay interest (with accompanying papers); to the Committee on Appropriations and ordered to be printed.

**ESTIMATE OF APPROPRIATION TO PAY CLAIM FOR DAMAGES BY COLLISION, ETC., INCIDENT TO OPERATION OF A COAST GUARD VESSEL** (S. Doc. No. 81)

A communication from the President of the United States, transmitting an estimate of appropriation submitted by the Navy Department to pay a claim for damages by collision or damages incident to the operation of a vessel of the United States Coast Guard, in the sum of \$142.70 (with accompanying papers); to the Committee on Appropriations and ordered to be printed.

**CLAIMS FOR DAMAGES BY COLLISION, ETC., INCIDENT TO OPERATION OF NAVAL VESSELS** (S. Doc. No. 82)

A communication from the President of the United States, transmitting an estimate of appropriation submitted by the Navy Department to pay claims for damages by collision or damages incident to the operation of vessels of the Navy, in the sum of \$8,977.32, which have been considered and adjusted under the provisions of law and require an appropriation for their payment (with accompanying papers); to the Committee on Appropriations and ordered to be printed.

**ESTIMATES OF APPROPRIATIONS TO PAY CLAIMS FOR DAMAGES TO PRIVATELY OWNED PROPERTY** (S. Doc. No. 83)

A communication from the President of the United States, transmitting estimates of appropriations submitted by the several executive departments and independent offices to pay claims for damages to privately owned property, in the sum of \$6,154.95, which have been considered and adjusted under the provisions of law and require appropriations for their payment (with accompanying papers); to the Committee on Appropriations and ordered to be printed.

**CLAIMS ALLOWED BY GENERAL ACCOUNTING OFFICE AS COVERED BY CERTIFICATES OF SETTLEMENT** (S. Doc. No. 84)

A communication from the President of the United States, transmitting, pursuant to law, a schedule of claims amounting to \$117,251.89, allowed by the General Accounting Office, as covered by certificates of settlement the numbers of which are shown in the first column of said schedule under appropriations, the balances of which have been carried to the surplus fund under the provisions of law, and for the services of the several departments and independent offices (with an accompanying paper); to the Com-

mittee on Appropriations and ordered to be printed.

**PROHIBITION OF LIQUOR SALES AROUND MILITARY CAMPS—PETITION**

Mr. BONE. Mr. President, Mrs. Grace Cunningham, of Seattle, Wash., has sent to me a petition signed by 23 residents of the city of Seattle praying for the enactment of Senate bill 860, a bill dealing with the liquor question. I understand the bill is before the Committee on Military Affairs, and I assume that the proper disposition of the petition is to have it referred to that committee, and I ask that that be done, and also that the petition be printed in the RECORD without all the signatures attached thereto.

The VICE PRESIDENT. Without objection, the petition will be received and referred to the Committee on Military Affairs, and printed in the RECORD without all the signatures attached.

The petition is as follows:

*To the Members of the Senate and House of Representatives of the Congress of the United States:*

Whereas in the War Act of 1917, the Congress of the United States included legislation forbidding the exploitation of the men in the Army and the Navy by liquor and commercialized vice, even though liquor was then forbidden in any military unit; and

Whereas in the Selective Service Act the Congress of 1940 called the young men of the present time to train for defense of our Nation if need be, and there now exists for these young defenders no defense from the activities of what Gen. George C. Marshall, Chief of Staff of the Army of the United States, referred to as "a sordid business for the accumulation of money," namely the traffic in alcoholic beverages, and since beer is now sold in the camps by Government authority, and since commercialized prostitution in camp areas threatens health, morals, and efficiency of service; Now therefore,

We, the undersigned citizens of Seattle, State of Washington, do respectfully petition you to vote for S. 860, as a contribution to a wholesome defense program and a reenactment of legislation similar to that of 1917 and so give to the young men of 1943 the protection their fathers had in 1917.

Mrs. ROSALIE ANDERSON.

WALLACE W. ANDERSON.

MYRA G. KENNEDY.

GRACE CUNNINGHAM

(And sundry other citizens of Seattle, Wash.).

**AMENDMENT OF NATURALIZATION LAWS**

Mr. WHERRY. Mr. President, I ask unanimous consent to present for appropriate reference and to have printed in the RECORD a letter addressed to me from Joseph Vacanti, president of the Order Sons of Italy in America, of the State of Nebraska, in which he states that the executive committee of that organization has studied House bills 1291 and 1941, pertaining to the amendment of the Nationality Act of 1940 and to the naturalization of certain persons, not citizens, whose sons or daughters have served with the land or naval forces of the United States, and that his organization is favorable to the passage of the bills.

There being no objection, the letter was received, referred to the Committee on Immigration and ordered to be printed in the RECORD, as follows:

ORDER SONS OF ITALY IN AMERICA,  
Omaha, Nebr., June 21, 1943.

HON. KENNETH WHERRY,  
United States Senator,  
Washington, D. C.

HONORABLE SIR: The executive committee of the Order Sons of Italy in America of the State of Nebraska has carefully examined both H. R. 1291 and 1941, the first of which pertains to the amendment to the Nationality Act of 1940, and the other to the permitting of the naturalization of certain persons, not citizens, whose sons or daughters have served with the land or naval forces of the United States.

We have examined these with care, as stated, because of the fact that there are many of our members throughout the State of Nebraska, and throughout the United States, who because of inability to speak or write the English language have been unable to pass the requirements of the immigration and naturalization laws so that they have been unable to receive the certificates of naturalization. These laws would cause them to become eligible for they have shown their loyalty by the reason that their sons and daughters are serving in the armed forces of the United States of America.

The executive committee is in full accord that such bills be passed, and in this manner is making its intention known to its constituents. It would be to the best interests of the Nation as a whole if such bills became law, and it is the desire of the executive committee that as representative of the State of Nebraska you vote for the passage of such bills, if in your mind you would be satisfied that their passage will not be inimical to the peace and welfare of the Nation.

Yours respectfully,

JOSEPH VACANTI, President.

**THE SUBSIDY AND ROLL-BACK PROGRAM**

Mr. WHERRY. Mr. President, I also ask consent to present a statement by the executive board of the Sioux City Milk Producers' Cooperative Association and also a resolution adopted at the fifteenth annual convention of the Nebraska Grain and Feed Dealers Association, held at Omaha, Nebr., relating to subsidies and roll-backs, which I request may be printed in the RECORD and lie on the table.

There being no objection, the statement and resolution were received and ordered to lie on the table and to be printed in the RECORD, as follows:

JUNE 24, 1943.

We urge you to put forth every effort to stem the tide of subsidies and get back to normal everyday business thinking. Let the crackpot economists and professors try their nefarious experiments in a more propitious time and not while we are fighting the greatest war in history.

We hope every Congressman in both Houses will keep their vested power given them by the people of this country insofar as is possible in these serious times and stop such unwarranted experiments as subsidies.

The farmer merely wants to be left alone. Given the labor and equipment with God willing, without the hindrance of the devil and his helpers, he will yet feed the world.

Again urging your opposition to subsidies, we remain,

Yours sincerely,

SIoux CITY MILK PRODUCERS'  
COOPERATIVE ASSOCIATION,

ALEC CHICOINE,

FRED KAMM,

J. L. STEVENSON,

E. R. PIKE,

H. BLIEL,

Executive Board.



RESOLUTION ADOPTED AT THE FIFTEENTH ANNUAL CONVENTION OF THE NEBRASKA GRAIN AND FEED DEALERS ASSOCIATION, HELD AT OMAHA, NEBR., JUNE 6 AND 7

Whereas the Office of Price Administration is about to institute a subsidy program rolling back the cost to consumers of meats, butter, and other food, the Nebraska Grain Dealers Association is unalterably opposed to any program of subsidizing consumers because such a program will have a tendency to curtail food production and increase black markets.

This program will bring about more Federal regulations of all private industries and will require another army of employees to administer when those employees are needed directly in the war effort. We consider the paying of a subsidy to consumers as illegal and not provided for under present law. The same consumer supposed to be helped under this proposal will ultimately have to pay his own bill through taxes. Private industry is already taxed to the breaking point by Government rules and regulations. Our efficiency and our ability to produce are already impaired by Government rules and regulations. We feel that we could perform a better service with less Government interference.

#### REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. STEWART, from the Committee on Claims:

S. 841. A bill for the relief of J. P. Woolsey; with an amendment (Rept. No. 343);

S. 1049. A bill to authorize the payment of additional compensation to special counsel in the case of *United States v. Standard Oil Co. of California*; with an amendment (Rept. No. 344);

H. R. 1081. A bill for the relief of Frank Borah; without amendment (Rept. No. 345); and

H. R. 2089. A bill for the relief of Jennie Walker; without amendment (Rept. No. 346).

By Mr. STEWART (for Mr. ELLENDER), from the Committee on Claims:

S. 560. A bill for the relief of Western Maryland Dairy, Inc.; without amendment (Rept. No. 347);

H. R. 1098. A bill for the relief of El Paso Electric Co.; without amendment (Rept. No. 348);

H. R. 1315. A bill for the relief of George Henry Bartole and Vernon Wayne Tennyson; without amendment (Rept. No. 349);

H. R. 1602. A bill for the relief of Robert N. Bickert; without amendment (Rept. No. 350); and

H. R. 2088. A bill for the relief of John Rhoden; without amendment (Rept. No. 351).

By Mr. WHERRY, from the Committee on Claims:

S. 770. A bill for the relief of Eddie Percle; with an amendment (Rept. No. 352);

H. R. 249. A bill for the relief of Gertrude Ricketts; without amendment (Rept. No. 353);

H. R. 1557. A bill for the relief of Robert H. Pulliam; without amendment (Rept. No. 354);

H. R. 1712. A bill for the relief of Sarah Ann Elizabeth Holliday Foxworth and Ethel Allene Brown Haberfeld; without amendment (Rept. No. 358); and

H. R. 1874. A bill for the relief of Robert P. Sick; with an amendment (Rept. No. 355).

By Mr. ROBERTSON, from the Committee on Claims:

S. 1101. A bill to provide for the payment of the claim of John C. Shaw, administrator de bonis non of the estate of Sydney C. McLouth, deceased, arising out of a contract between said deceased and the United States Shipping Board Emergency Fleet Corporation, for the construction of seagoing tugs; with an amendment (Rept. No. 356).

By Mr. THOMAS of Oklahoma, from the Committee on Appropriations:

H. R. 2996. A bill making appropriations for the Military Establishment for the fiscal year ending June 30, 1944, and for other purposes; with amendments (Rept. No. 357).

#### EXECUTIVE REPORTS OF COMMITTEES

As in executive session.

The following favorable reports of nominations were submitted:

By Mr. GEORGE, from the Committee on Finance:

Sundry assistant surgeons and passed assistant surgeons for promotion in the United States Public Health Service.

By Mr. REYNOLDS, from the Committee on Military Affairs:

Francis L. McNamee, from the State of Pennsylvania, to be regional manpower director at \$8,000 per annum in the Philadelphia regional office of the War Manpower Commission.

#### ELIMINATION OF PRIVATE SUITS FOR PENALTIES AND DAMAGES ARISING OUT OF FRAUDS AGAINST THE UNITED STATES—MINORITY VIEWS

Mr. LANGER, as a member of the Committee on the Judiciary, submitted minority views on the bill (H. R. 1203) to eliminate private suits for penalties and damages arising out of frauds against the United States, which were ordered to be printed (pt. 2 of Rept. No. 291).

#### BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mrs. CARAWAY:

S. 1269. A bill to incorporate the Blue Star Mothers of America; to the Committee on the Judiciary.

By Mr. REYNOLDS:

S. 1270. A bill making a grant to William G. Holman to be used in conducting experimentation with respect to blue mold; to the Committee on Agriculture and Forestry.

By Mr. TOBEY:

S. 1271. A bill to extend gratuitously policies of insurance issued by the War Damage Insurance Corporation for 1 year; to the Committee on Banking and Currency.

By Mr. OVERTON:

S. J. Res. 69. Joint resolution to amend Public Law 45, Seventy-eighth Congress, approved April 29, 1943, with respect to the payment of old-age assistance under the Social Security Act without regard to income and resources arising from agricultural labor; to the Committee on Appropriations.

#### CONTINUATION OF COMMODITY CREDIT CORPORATION—AMENDMENT

Mr. O'MAHONEY submitted an amendment intended to be proposed by him to the bill (S. 1108) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes, which was ordered to lie on the table and to be printed.

#### THOMAS JEFFERSON BICENTENNIAL—EXERCISES AT UNIVERSITY OF VIRGINIA

Mr. BYRD. Mr. President, the Thomas Jefferson Bicentennial Commission,

jointly with the Virginia Jefferson Bicentennial Commission, announces that a speech which will be delivered by the senior Senator from Kentucky [Mr. BARKLEY] on July 4 in honor of Thomas Jefferson will be broadcast from the University of Virginia over the blue network, starting at 4:30 p. m. A Nationwide hook-up will be used.

Following the speech of the Senator from Kentucky from the university, a wreath will be placed on the grave of Thomas Jefferson at nearby Monticello.

The program will be conducted by Edward Boykin, executive secretary of the Thomas Jefferson Bicentennial Commission. Gov. Colgate W. Darden, of Virginia, will introduce the Senator from Kentucky.

The entire membership of the Virginia Jefferson Bicentennial Commission will be on hand to join in these exercises as will perhaps certain descendants of Thomas Jefferson. It is expected that the largest gathering of citizens of the community in years will attend inasmuch as 1943 is the two hundredth anniversary of the birth of Thomas Jefferson, while July Fourth is the one hundred and seventeenth anniversary of his death.

Mr. President, I ask unanimous consent to have printed in the body of the RECORD as a part of my remarks a tribute to Thomas Jefferson prepared by the Thomas Jefferson Bicentennial Commission.

There being no objection, the tribute was ordered to be printed in the RECORD, as follows:

TO THOMAS JEFFERSON—APRIL 13, 1743—JULY 4, 1826—A TRIBUTE

"I have sworn upon the altar of God eternal hostility against every form of tyranny over the mind of man."

We, the people of the United States of America, heirs of the incomparable struggle carried on by you and your compatriots for the liberation of the human mind and for the rights of man, humbly pay this tribute of affirmation in the hope that your ringing statement of beliefs will give courage and faith and tolerance to those who now fight the unending fight against the ancient forces of tyranny and cynicism and intolerance.

#### ON THE RIGHTS OF MAN

We affirm with you our belief in these self-evident truths: "That all men are created equal, that they are endowed by their Creator with certain unalienable rights; that among these are life, liberty, and the pursuit of happiness; that to secure these rights governments are instituted among men, deriving their just powers from the consent of the governed." (From the Declaration of Independence.)

#### ON EDUCATION

We affirm with you our belief "That the most effectual means of preventing [tyranny] would be to illuminate, as far as practical, the minds of the people at large and more especially to give them knowledge of those facts, which history exhibiteth, that, possessed thereby of the experience of other ages and countries, they may be enabled to know ambition under all its shapes, and prompt to exert their natural powers to defeat all its purposes . . . whence it becomes expedient for promoting the public happiness that those persons, whom nature hath endowed with genius and virtue, should be rendered by liberal education worthy to receive, and able to guard the sacred deposit

of the rights and liberties of their fellow citizens, and that they should be called to that charge without regard to wealth, birth, or other accidental condition or circumstance." (A bill for the more general diffusion of knowledge, 1779.)

#### ON A FREE PRESS

We affirm with you a belief in the need of a free press for a free people: "The only security of all is in a free press. The force of public opinion cannot be resisted, when permitted freely to be expressed. The agitation it produces must be submitted to. It is necessary to keep the waters pure. We are all, for example, in agitation even in our peaceful country. For in peace as well as in war, the mind must be kept in motion." (To Lafayette, 1823.)

#### ON RELIGIOUS LIBERTY

We affirm with you our belief that "Almighty God hath created the mind free, and manifested His supreme will that free it shall remain by making it altogether insusceptible of restraints; that all attempts to influence it by temporal punishments, or burthens, or by civil incapacitations, tend only to beget habits of hypocrisy and meanness. \* \* \* That to compel a man to furnish contributions of money for the propagation of opinions which he disbelieves and abhors, is sinful and tyrannical. \* \* \* that our civil rights have no dependence on our religious opinions any more than our opinions in physics on geometry. \* \* \* that the opinions of men are not the object of civil government, nor under its jurisdiction. \* \* \* and, finally, that truth is great and will prevail if left to herself, and has nothing to fear from the conflict unless by human interposition disarmed of her natural weapons, free argument, and debate; errors ceasing to be dangerous when it is permitted freely to contradict them." (From the Virginia bill for establishing religious freedom, 1779.)

#### ON THE STRENGTH OF REPUBLICAN GOVERNMENT

We affirm with you a profound belief in the strength of republican government founded on democratic principles: "I know indeed that some honest men have feared that a republican government cannot be strong; that this Government is not strong enough. But would the honest patriot, in the full tide of successful experiment, abandon a government which has so far kept us full and firm, on the theoretic and visionary fear that this Government, the world's best hope, may, by possibility, want enough to preserve itself? I trust not. I believe this, on the contrary, the strongest government on earth. I believe it the only one where every man, at the call of the law, would fly to the standard of the law; would meet invasions of public order, as his own personal concern." (Inaugural Address, 1801.)

#### ON FAITH IN THE PEOPLE

We affirm with you our belief in the capacity of the people: "Every government degenerates when trusted to the rulers of the people alone. The people themselves therefore are its only safe depositories. And to render them safe, their minds must be improved to a certain degree. This indeed is not all that is necessary, though it be essentially necessary. An amendment of our Constitution must here come in aid of the public education. The influence over government must be shared among all the people. If every individual which composes their mass participates of the ultimate authority, the Government will be safe; because the corrupting the whole mass will exceed any private resources of wealth; and public ones cannot be provided but by levies on the people. The way to have a good and safe government is not to trust it all to one, but to divide it among the many, distributing to every one exactly the functions he is competent to." (Notes on Virginia.)

#### ON TYRANNICAL GOVERNMENT

We affirm, in the face of unparalleled examples, our agreement with your abhorrence of government by tyranny: "To have an idea of the curse of existence under [governments of force], they must be seen. It is a government of wolves over sheep." (Letter to James Madison, 1787.)

#### ON THE BILL OF RIGHTS

We affirm with you the belief "That a bill of rights is what the people are entitled to against every government on earth, general or particular, and what no just government should refuse, or rest on inferences." (Letters to James Madison, 1787.)

#### ON FIGHTING FOR LIBERTY

We affirm with you our determination to carry on to our last breath today's fight for freedom: "We most solemnly, before God and the world, declare that, exerting the utmost energy of those powers which our beneficent Creator hath graciously bestowed upon us, the arms we have been compelled by our enemies to assume, we will, in defiance of every hazard, with unabating firmness and perseverance, employ for the preservation of our liberties; being with one mind resolved to die free men rather than to live slaves." (Declaration of the Causes of Taking up Arms, July 6, 1775.)

We honor you the more for cherishing and defending these democratic ideals because you did so without the advantages and strength that we possess. In your day our Republic was young and experimental: today it is the most powerful Nation in the world, the impregnable fortress of democracy, made great and powerful because of the principles and institutions which you cherished. You had only a faith in the people and in their future: we have the advantage of basing our similar faith on the proofs that shine forth from a century and a half of unparalleled achievement. You confronted the skeptics of your day with belief in the common sense of the people: we confront the cynics and disbelievers of our day with proof that you were right.

#### CONTINUATION OF COMMODITY CREDIT CORPORATION

The Senate resumed the consideration of the bill (S. 1108) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Missouri [Mr. CLARK], as modified, to the committee amendment inserting section 5, on which the yeas and nays have been ordered.

Mr. CLARK of Missouri. Mr. President, in view of the fact that the yeas and nays have been ordered, I assume that, under the rules, I am not permitted to accept a modification of my amendment without obtaining unanimous consent.

The VICE PRESIDENT. The Senator is correct.

Mr. CLARK of Missouri. Therefore I ask unanimous consent, Mr. President, that the amendment which I have proposed be modified by the inclusion of the amendment with respect to which the Senator from Georgia [Mr. GEORGE] on yesterday gave notice. The Senator's

proposed amendment is published in the RECORD.

The VICE PRESIDENT. Is there objection to the request of the Senator from Missouri?

Mr. McNARY. Mr. President, I do not know that I have objection, but I should like to have the amendment restated.

Mr. CLARK of Missouri. I am looking for the amendment, I will say to the Senator from Oregon. The amendment has been printed.

Mr. GEORGE. My amendment, proposed as an amendment to the amendment of the Senator from Missouri, has been printed.

Mr. CLARK of Missouri. The proposed modification of the Senator from Georgia is in the language of the committee amendment itself. That statement is correct, is it not, I will ask the Senator from Georgia?

Mr. GEORGE. Yes; it is in the language of the committee amendment.

Mr. CLARK of Missouri. I ask that the amendment proposed by the Senator from Georgia be stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. At the end of the amendment proposed by Mr. CLARK of Missouri it is proposed to insert the following:

*Provided further*, That the Reconstruction Finance Corporation is authorized to borrow money and pay (a) to shippers of commodities or others the increased costs of transportation resulting from the war emergency and (b) to pay subsidies relating to, or purchase for the purpose of selling at a loss, strategic and critical materials necessary to the manufacture of equipment and munitions of war for the United States Government or any of the United Nations, and to subsidize the high cost production of minerals to increase the production thereof.

So that, as modified, Mr. Clark's amendment would read:

That on and after the date of enactment of this act no authority shall be exercised by the Price Administrator, the Federal Loan Administrator, or any other governmental agency or corporation with respect to the making of any subsidy payments under section 2 (e) of the Emergency Price Control Act of 1942, as amended, and any authority contained in such section with respect to the making of subsidy payments is hereby repealed: *Provided*, That nothing in this act shall be construed to affect in any manner the rights or interests of any person who has acted in good faith in reliance upon any regulation or order issued prior to the date of enactment of this act with respect to such subsidy payments under the authority of such section 2 (e), and to the extent necessary to protect the rights or interests of any such person in connection with transactions heretofore made or entered into such subsidy payments may be made: *Provided further*, That the Reconstruction Finance Corporation is authorized to borrow money and pay (a) to shippers of commodities or others the increased costs of transportation resulting from the war emergency and (b) to pay subsidies relating to, or purchase for the purpose of selling at a loss, strategic and critical materials necessary to the manufacture of equipment and munitions of war for the United States Government or any of the United Nations, and to subsidize the



high cost production of minerals to increase the production thereof.

Mr. CLARK of Missouri. Mr. President, I now ask unanimous consent that I may be permitted to modify my amendment by the inclusion of the amendment offered by the Senator from Georgia.

The VICE PRESIDENT. Is there objection?

Mr. BANKHEAD. Mr. President, in view of the fact that the language of the George amendment is taken from the committee amendment, I have no objection.

Mr. McNARY. Mr. President, I favor the amendment. I think it is a very happy suggestion. But I am wondering if it is broad enough to comprehend the suggestion made by the able Senator from Wyoming [Mr. O'MAHONEY] last evening just prior to the time the Senate took a recess. Has anyone conferred with the Senator from Wyoming on that subject?

Mr. CLARK of Missouri. I have not had the opportunity to do so, I will say to the Senator.

Mr. McNARY. I am not making any qualification along that line, but I am simply curious to know if the proposal of the Senator from Missouri will meet the thought which was expressed by the Senator from Wyoming last evening.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I will yield.

Mr. JOHNSON of Colorado. I will say to the Senator from Oregon that I have taken the matter up with some of the attorneys who are interested in preserving the subsidies for metals and strategic materials, but as yet I have not received a report. I hope we can wait a few minutes before taking action on the amendment until we receive the report and ascertain whether the George amendment covers the whole matter in a comprehensive and adequate manner. We will have that information in a very few minutes. If there is some way of holding up the matter a little while I hope it may be done.

Mr. McNARY. Mr. President, it is not my purpose to delay consideration of this measure. I realize the necessity for going through with the bill as fast as we can, intelligently, of course, and that is a matter which is wholly up to the distinguished Senator from Missouri.

Mr. CLARK of Missouri. Mr. President, I have no desire to press for immediate action on this matter until Senators who are interested in the modification of the amendment have an opportunity to be heard. I made my request simply because my amendment was the pending business before the Senate, and I had to make it then or not make it at all.

Mr. McNARY. Let me suggest, in the interest of expedition, that we accept the proposed amendment offered by the able Senator from Missouri, as he desires to modify it, and then if our action is not satisfactory to the Senator from Wyoming he can ask for a reconsideration of the vote by which the amendment was agreed to.

Mr. CLARK of Missouri. That would be entirely satisfactory to me.

Mr. JOHNSON of Colorado. That would be entirely satisfactory to me also.

Mr. McNARY. I am willing to act on the suggestion that the amendment be agreed to and that a reconsideration of the vote be had if it is found to be not satisfactory.

Mr. CLARK of Missouri. I will say to the Senator from Oregon that, so far as I am concerned, if it shall be found that the amendment is not satisfactory, I shall have no objection to a reconsideration of the vote by which it was agreed to. But, for the purpose of getting the matter before the Senate, I renew my request for unanimous consent that I be permitted to modify my amendment by the inclusion of the amendment of the Senator from Georgia.

The VICE PRESIDENT. Is there objection to the request of the Senator from Missouri?

Mr. AIKEN. I do not object to the request.

The VICE PRESIDENT. Without objection, the amendment of the Senator from Missouri is modified by inclusion in it of the amendment of the Senator from Georgia.

Mr. PEPPER. Mr. President—

The VICE PRESIDENT. Does the Senator wish to object?

Mr. PEPPER. No, I have no objection. If I correctly understand the present parliamentary situation, the amendment of the Senator from Missouri has been modified by inclusion of the amendment of the Senator from Georgia?

Mr. CLARK of Missouri. That is correct.

Mr. PEPPER. May I ask the Senator from Missouri if he will be kind enough in a succinct way to state what the effect of the amendment, as modified, now is?

Mr. CLARK of Missouri. I will say to the Senator from Florida the effect of the amendment as modified at the present time is that it repeals section 2 (e) of the Stabilization Act, which is the authority relied on by the Commodity Credit Corporation and by the O. P. A. to make subsidy payments on food.

The amendment preserves the intention of Congress already expressed to authorize transportation subsidies for certain very critical materials, such as petroleum, in certain areas of the United States, and also preserves the subsidies as to critical minerals of various kinds, and as to certain other commodities, which it has been intended all the time by Congress, if necessary, to have produced at a loss, and for the Government to take up the slack of any loss that might be incurred.

Mr. PEPPER. So, if I correctly understand the able Senator, the amendment as modified presents clearly the issue as to whether we are to allow authority or funds for the making of subsidies for food production.

Mr. CLARK of Missouri. That is entirely correct. The amendment as presently modified is intended to express the view which Congress entertained when it passed the Stabilization Act, namely, that it was authorizing subsidies for production, certain subsidies for transportation, certain subsidies for strategic ma-

terials, but was not authorizing subsidies as a price-control measure.

Mr. PEPPER. Nor subsidies to aid in food production?

Mr. CLARK of Missouri. No, no; it is not my intention, so far as I am concerned, to prohibit bona fide production subsidies.

Mr. BANKHEAD. Mr. President, I do not concede that the Senator's amendment as modified has that effect. I think it prohibits every sort of subsidy except for strategic minerals and transportation.

Mr. PEPPER. That is the issue I want to have made clear. We now have before us the Clark amendment which would repeal the authority referred to in the Emergency Price Control Act.

Mr. CLARK of Missouri. That is correct.

Mr. PEPPER. We have the George amendment included in the Clark amendment, which would authorize subsidies only in specific cases, namely, of increased cost of transportation resulting from the war emergency of products such as petroleum.

Mr. CLARK of Missouri. I will say to the Senator from Florida that the effect of my amendment is to wipe out section 2 (e) in the broadest possible terms, with the exception of the specific limitations placed in the amendment by the George amendment. I will say further to the Senator from Florida that, so far as I am concerned, at a proper time I would be glad to vote for any proposition to include bona fide production subsidies, but it seems to me, in view of the flagrant, notorious manner in which section 2 (e) of the Stabilization Act has been distorted by certain authorities, that the thing to do is to wipe out that section, and then restore, if Congress so desires, bona fide production subsidies. I will say very frankly to the Senator that in the present status of the Clark amendment, as modified by the George amendment, it does wipe out authority for all subsidies except those specifically enumerated in the George amendment.

Mr. PEPPER. I thank the Senator.

Mr. President, in view of my understanding that the able Senator from Alabama [Mr. BANKHEAD] proposes to discuss this question, I do not desire to address myself to it at the present time, but I do wish to have the privilege of addressing myself to it before the issue is concluded.

Mr. BANKHEAD. I did not clearly hear the Senator's statement.

Mr. PEPPER. I say that, in view of the information I have received that the able Senator from Alabama proposes to address himself to this subject, I shall not address myself to it at this time, but I desire to address myself to it before the matter shall be concluded.

Mr. BANKHEAD. I intend to make some remarks about the matter, but I do not know how many more speeches are to be made. I do not desire to demand the floor at this time, if other Senators are prepared to speak, for the simple reason that I think I have the right, as a proponent, to close the debate. I do not know that there is any rule to that effect, but I believe it would follow

parliamentary practice. I do not intend at the moment to speak, if some other Senator desires to address the Senate, but I intend to do so before final action is taken.

Mr. O'DANIEL. Mr. President, I should like to ask of the Senator from Missouri, regarding his proposed amendment, a question with reference to that portion of his amendment on page 2, line 2, beginning with the word "Provided," and concluding in the eleventh line. Would not that provision ratify and legalize the promises which have been made by the administration to pay subsidies on the roll-back on butter, beef, and coffee?

Mr. CLARK of Missouri. Mr. President, the Senator's statement may be correct to a certain extent, but only to the extent to which people have in good faith dealt with the Government and changed their position. It seems to me that such people are entitled to be protected. The average man who produces butter or any other farm commodity is not a lawyer, and in time of war he should not be charged with the responsibility of dealing at his peril with the Government of the United States.

Therefore, I have provided by the amendment that people who have dealt in good faith with the Government of the United States shall be protected. I do not think we can do any less. There has been dispute between various governmental agencies, including the Attorney General of the United States, there has been dispute on the floor of the Senate among Senators who are good lawyers, as to exactly what the provisions of the old law authorize.

I am very clear in my own opinion about it, but I do not think that in good conscience we should pass an act which would prejudice and penalize people who in good faith have dealt with the Government of the United States in time of war. I, personally, should never be willing to do such a thing.

Mr. O'DANIEL. I thank the Senator.

Mr. AIKEN. Mr. President, I should like to interrogate the Senator from Missouri. As I read clause (b) of the proposed amendment of the Senator from Georgia, it seems to me it would permit the subsidization of crops or animal products necessary to the manufacture of equipment and munitions of war for the United States Government or for any of the United Nations, but would not permit the subsidization of crops or animal products for food purposes.

Mr. CLARK of Missouri. That is my understanding. I should be glad if the Senator would address his inquiry to the Senator from Georgia, the author of the amendment. The Senator has accurately stated my opinion of the amendment and what I had in mind when I asked to be permitted to amend my amendment by the inclusion of the amendment of the Senator from Georgia. However, I should be glad to have the Senator address his question to the Senator from Georgia.

Mr. AIKEN. Let me ask the Senator from Georgia if, by the second part of his

amendment, he means that crops or animal products may be subsidized or bought and sold at a loss for the purpose of the manufacture of equipment and munitions of war, but not for food purposes.

Mr. GEORGE. Exactly—to be bought and sold for the manufacture of equipment and munitions of war for the United States Government or any of the United Nations, and to subsidize the high-cost production of minerals to increase the production thereof.

Mr. AIKEN. Under the amendment it would be possible to subsidize crops for the purposes of manufacturing alcohol or glycerine or sugars or corn or other materials used in the manufacture of aluminum or steel; would it not?

Mr. GEORGE. For the Government?

Mr. AIKEN. Yes; for the Government.

Mr. GEORGE. In the manufacture of equipment and munitions of war.

Mr. AIKEN. Mr. President, I think the amendment goes a little too far; but, realizing the seriousness of the situation and the necessity for doing something about it, and also realizing that the matter will finally have to be worked out by Congress, I expect to support the amendment of the Senator from Missouri, as amended by the amendment of the Senator from Georgia.

Mr. TAFT. Mr. President, I should like to call attention to one circumstance which seems to me to make the amendment proposed by the Senator from Missouri very defective in respect to serving the purposes the Senator intends to have it serve unless in some way he adds a prohibition against buying and selling. All the amendment would do would be to take out that part of section 2 (e) which deals with subsidies.

Section 2 (e) reads as follows:

(e) Whenever the Administrator determines that the maximum necessary production of any commodity is not being obtained or may not be obtained during the ensuing year, he may, on behalf of the United States, without regard to the provisions of law requiring competitive bidding, buy or sell at public or private sale, or store or use, such commodity in such quantities and in such manner and upon such terms and conditions as he determines to be necessary to obtain the maximum necessary production thereof—

That is very broad language, Mr. President—

or otherwise to supply the demand therefor, or make subsidy payments to domestic producers.

All that would be repealed by the amendment would be the provision for the making of subsidy payments to domestic producers; so it would be perfectly possible for the administrator to go on buying and selling through the R. F. C. or the Commodity Credit Corporation.

Furthermore, entirely apart from the Price-Control Act, the Commodity Credit Corporation has power to buy and sell commodities, and it has bought and sold commodities at a loss before this time. Not only that, but by the pending bill we

shall be giving it a billion dollars more with which it could continue to buy and sell commodities, farm commodities, if you please. I should not have the slightest difficulty, after the passage of the bill including the Clark amendment, if I wished to do so, and if I ran the Commodity Credit Corporation, to do just exactly, in effect, what now is being done, and to spend a billion dollars in doing it, instead of spending the limited amount which is provided in the committee amendment.

I see nothing in the world to prevent the Commodity Credit Corporation from announcing that it is going to buy all the butter in the country at whatever the price may be—50 cents, let us say—and later dole it out at 45 cents, from time to time, to various people—carrying out exactly the same procedure, except the latter procedure would put the Government more into business than it ever would have been if it simply paid a subsidy to producers.

The same thing is true with respect to meat. As to coffee, today, the Board of Economic Warfare is buying the whole coffee crop of Brazil, under what authority I do not know. Some one of the subsidiary corporations—I think it is the Commodity Credit Corporation—is taking over all the buying of coffee in Brazil. So if it be desired to accomplish the same effect at equal cost to the Government, it can be done under the Clark amendment, so far as I can see. We would not really avoid the problem of having subsidy payments.

The committee amendment provides that none of the corporations shall purchase any commodities for the purpose of selling them at a loss.

I admit that even that provision would be somewhat difficult to enforce; because it would not prevent one of the corporations from buying the commodities and finding out later that it had to sell them at a loss. However, at least it could not deliberately adopt a program of selling at a loss.

So in that respect I think the committee amendment is much stronger than the other.

When we begin to distinguish, as we are now doing, between production subsidies and other subsidies, I find it impossible to draw a reasonable line of demarcation between what kind of subsidies can be paid and what kind of subsidies cannot be paid. It seems to me that the thing to do is to impose a limitation on all subsidies. If the Senate does not want to approve the roll-back provision which would cost \$450,000,000, I think the best way to proceed would be to cut the \$500,000,000 to \$100,000,000 or to \$50,000,000, and leave the R. F. C. with some money with which to carry out the purpose, or else cut out the R. F. C. altogether, and leave the Commodity Credit Corporation with \$175,000,000 for those total purposes.

So, it seems to me that, while we could show our sentiment by adopting the Clark amendment against subsidies, in name, I do not really think we would accomplish as much as we would if we



adopted the committee amendment. A year from now I think we shall find that if the Government has a policy of buying and selling, it will cost the Government more than a policy of having a limited amount of direct subsidies.

Mr. CLARK of Missouri. I can say to the Senator from Ohio that so far as my own view is concerned, it is perfectly consistent, because I intend to vote for the amendment which I have offered, which I think is a very valuable restriction, and I intend to vote against the bill.

Mr. AIKEN. Mr. President, I should like to ask a further question of the Senator from Missouri. Is he satisfied that the language of his amendment, as modified, would not restrict the sale of Government wheat on the terms specifically authorized by an act of Congress?

Mr. CLARK of Missouri. I will say to the Senator from Vermont that I do not think it would. That certainly was not the intention. It is certainly not my intention to change that policy of the Government. Although, as the Senator knows, I was opposed to the adoption of the policy originally, I certainly have no intention of changing it by indirection in this manner.

Mr. WHERRY. Mr. President, it seems that the foremost reason given by the proponents of the committee amendment is that we should provide the funds to pay for commitments already made, for which there is no legal authorization. The department has said in a press release to the packers, "Buy these cattle"; and to the wholesalers, "Roll back the prices, and we will pay." So it is now contended that the department has made commitments, and that is the main reason why we are asked to support some kind of a subsidy or provide money to pay for the commitments which have been made without authorization.

The question asked by the junior Senator from Texas [Mr. O'DANIEL] was timely. He asked the Senator from Missouri whether the amendment which he proposed would provide for such a program. The Senator from Missouri said that it would. I should like to say, with reference to the question asked by the Senator from Texas, that I do not believe any commitments have been made to be paid for, even though we do provide a subsidy. I say that on the basis of facts which I have received from my own State of Nebraska. I received them from Omaha even as late as last night.

When the roll-back order was issued, the roll-back was directed to the wholesalers of meat. The theory was that they would go into the market and pay the then prevailing prices to the producers; that the subsidy would make up the difference. But the packer did not do that. That is what caused the demoralization of the markets. That is what brings up the question which is before us. Neither the packer nor the wholesaler made any commitments, because they did not rely upon the order of the United States Government. They did not rely on the press reports. They bought cattle for less than the prevailing prices. So I doubt very much whether any commit-

ment has been made, for which payment is required. If we should provide the subsidy, where would it go? If we should provide money for the wholesalers, what assurance have we that it would get back to the producer? In a telegram from the president of the Union Stock Yards, of Omaha, Nebr., he informs me that only one wholesaler rolled back prices. They did not put any confidence in the press reports.

The proponents of the measure before us say that we have made commitments, and therefore we should somehow guarantee this postdated check and provide the wherewithal. That is the big argument advanced to the Senate to vote some kind of a subsidy—either \$250,000,000 or \$500,000,000—in order to make good departmental unauthorized commitments. I will go as far as anyone else in order to make good any legal contract which the United States has already entered into, if it can be shown that the department has made a contractual commitment, and that in equity we ought to pay for authorized commitments already made. That provision is included in the Clark amendment, which I intend to support. But I think that argument is weak. There is no showing that any commitment has been made.

What would the bill do? Even as amended by the Taft amendment, it provides that we shall pay a subsidy of \$250,000,000 or \$500,000,000 to do what? The point is that the bill would establish a subsidy, on the wrong premises. After the eloquent address by the distinguished Senator from South Carolina, chairman of the Senate Committee on Agriculture and Forestry [Mr. SMITH], Senators should certainly know what the bill involves. The proposed subsidy would not go to the producer. It would go to the consumer. It would be a bonus to the consumer. It would not be a subsidy to the producer. There is no authority under section 2 (e) of the Price Control Act for the payment of such a subsidy.

We talk about the opinion of the Attorney General. I highly respect the opinion of the senior Senator from Ohio [Mr. TAFT]. He has stated that in his opinion this is not a legal subsidy. I respect the opinion of the senior Senator from Missouri [Mr. CLARK], who also stated that such a subsidy is not legal. I respect also the statement made by the senior Senator from Georgia [Mr. GEORGE]. Aside from the legal question, the Senator from Georgia stated that it was his understanding, when the subsidy question was before a previous Congress for consideration, that this subsidy was a subsidy to be paid the producer for increased agricultural production, and that it is a violation of the spirit of the act to pay to the consumer a roll-back under the guise of paying the producer a subsidy.

Let me say, once and for all, that the proposed subsidy would not go back to the producer. The only proper interpretation of the Price Control Act is that the subsidy provided for in section 2 (e) is a subsidy to the producer. That is the spirit of the act. The proposed subsidy would go only to the wholesaler of

meat. It would not reach beyond the wholesaler. It would not reach the Nebraska farmer who is feeding cattle, and who needs a profit in order to encourage the production of beef. The subsidy would stop with the packer. It would then be rolled back to the consumer.

The proposed subsidy is not a subsidy to pay the producer anything. It is a bonus to the consumer. What good would it do the consumer? If we should put \$2,000,000,000 into the hands of the buying public, the inflationary effect would be much more than the 10-percent roll-back.

We have heard some wonderful speeches in the Senate during the last 5½ months. I respect those who have made them. One of the outstanding speeches, which I shall remember all my life, was the speech of the Senator from North Carolina [Mr. BAILEY]. He said that we must hold the line. But we will not be holding the line if we vote subsidies of \$2,000,000,000 or \$3,000,000,000. We shall be creating inflation. Such a program would be one way of going in the back door to increase the purchasing power of the public, or to increase wages.

The worst part of it is that we are doing it as a subterfuge. We are asked to give a bonus to a group under the theory of paying a subsidy to the producers of meat. We are not giving a subsidy to the producers. We are giving a roll-back to the consumer, which will cause inflation, and break the line. It will not hold the line.

The producer does not want this subsidy. I feel that this question is of vital importance to the Senate. It certainly is to me. The proposed subsidy would extend only to meat, butter, and coffee. Although we have many consumers in Nebraska, Nebraska is entirely an agricultural State. We are dependent upon agriculture. I should like to see the producer make a legitimate profit on what he produces on the profit-motive basis.

If the producers in Nebraska were in favor of the proposed subsidy, they would tell us so. What do they say? Last Tuesday I read telegram after telegram from producers in my section of the country who said that they did not want a subsidy. I read a statement from the president of the Livestock Producers' Association—the cattlemen of America. He said, "We do not want a subsidy." I read a statement from representatives of the Chicago meat industry, to the effect that farmers and cattle feeders do not want a subsidy. Last Friday I inserted in the RECORD a resolution from a gathering in Fremont, Nebr., of representatives of more than 24 counties. They drafted a resolution memorializing Congress to the effect that the cattle industry in Nebraska did not want a subsidy. I have in my possession perhaps 100 messages from cattlemen, not only in Nebraska, but in other parts of the country, stating how they feel about the subsidy.

This morning I received a message from the New Mexico Cattle Growers Association signed by E. G. Hayward, president. I will read it for the RECORD,

It consists of only three paragraphs and it sums up in a nutshell the feeling of the producer relative to a subsidy, and that is the subject with which we are dealing. We are asked to legislate a subsidy for the producer which goes to the consumer. The term "subsidy" is a misnomer. We are asked to give a bonus to the consumer, but under the interpretation of section 2 (e) of the Price Control Act which has been expressed by those who are interested in the roll-back legislation, they find it is not a subsidy to the producer.

The producers do not want a subsidy. To show how they feel about it, I now read the letter from the president of the New Mexico Cattle Growers Association:

HON. KENNETH S. WHERRY,  
United States Senate,  
Washington, D. C.

DEAR SENATOR WHERRY: As our organization considers the administration subsidy and price-roll-back program in the meat-packing industry a problem of first importance to our livestock-production business, we are writing you at this time to express our views on this critical subject. In order that we may qualify our association to speak on this matter, you will be interested to know that our membership includes more than 2,300 New Mexico cattle breeders and producers, who own more than 90 percent of all cattle in this major beef-producing State.

We are unalterably opposed to the administration's plan to roll back prices on meats by means of subsidy payments to the meat-packing industry, and we have appealed to the Office of Price Administration and the President to accept and try our national livestock and meat-packing industry program to solve our wartime meat problems before throwing our industry on a subsidy basis. Our program was developed by major meat packers and representatives of 96 breeder and producer organizations; by businessmen with practical knowledge and years of experience in the meat industry. We assure you that the producers and processors of meat all along the line are entirely in accord with this feeling, and their judgment should probably be considered more accurate than that of some officials in the Office of Price Administration with perhaps less experience in this field.

It is difficult to believe that a subsidy plan as outlined by the Office of Price Administration could be put into effect at a cost of less than \$3,000,000,000 annually to the taxpayers of our Nation, and at present \$3,000,000,000 in inflated currency. Although the subsidy program in our industry might at first appear to be a means of effective price control on the part of the administration, it appears to us who are familiar with Government subsidy programs a complete admission on the part of the Office of Price Administration that it is unable to control prices and must resort to hidden inflation rather than orderly wartime price adjustments. There is little doubt but that this subsidy program will eventually put the administration in control of the meat-packing industry and thus in control of the livestock industry of our Nation, a condition which is unhealthy to our people and discouraging to production of livestock.

Thanking you in advance for your consideration, we remain,

Very truly yours,  
NEW MEXICO CATTLE GROWERS'  
ASSOCIATION,  
E. G. HAYWARD, President.

The letter is signed by E. G. Hayward, president of the New Mexico Cattle Growers Association.

I do not wish to clutter up the RECORD, but I have hundreds of communications from cattle growers and feeders and from those who are interested in the packing business — the processors — indicating that they are absolutely opposed to this subsidy.

If we are to increase the production of beef, how is it to be done? It must be done by getting the subsidy clear back to the grower, and to the cattle feeder. It can not be done by the method proposed, but it can be done by removing the present restrictions, including the ceiling price on corn. Corn then will seek its own level. It will flow out to the various segments of the industry and to the feeder, and it does. The ratio of corn and labor to the production of beef and hogs will adjust itself. The result will be less inflationary than any price ceiling, or any subsidy which may be paid.

What we want to do is to put the cattle feeder in Nebraska on a profit-motive basis and not on a subsidized program.

Another thing which would increase the production of beef would be the orderly coordination of the Food Administrator with the Secretary of the Department of Agriculture. I believe the time has come when we should have an administrator who can handle that particular job. We need to eliminate the present contradictory program between the Secretary of Agriculture and those within his organization, such as Mr. Hutson, President of the Commodity Credit Corporation. On the one hand we have the Agriculture Department seeking to increase agricultural production. It pays subsidies and imposes restrictions.

The Senate should be advised that we do not have total agricultural production in this country. We do not have total production on the acres in the western section of the country, where we should have total production. We are still limited in production. If we do not grow certain war crops we are restricted, and do not achieve the maximum crop production which we should have.

This situation should have been looked into at least a year ago. Immediately after Pearl Harbor all restrictions should have been taken off agriculture. Last year there should have been no restrictions on the growing of any agricultural crop. There should be none now. If the restrictions were taken off, if the ceiling were removed from corn, and cattle feeders were given a chance to make a decent profit, they would produce beef, and we would not now be facing a meat famine.

What does the President of the Commodity Credit Corporation say? A few days ago Mr. Hutson, President of the Commodity Credit Corporation, said that we have too many cattle in this country. We have 38,000,000 beef cattle. We have a total of 78,000,000 cattle, but 38,000,000 of them are beef cattle. Mr. Hutson said that during the past 15 months the number of cattle has been increased by 2,000,000. What else did he say? He said that we have 125,000,000 hogs, 25,000,000 too many.

So on one hand we pay a subsidy. We even put into effect the R. A. C. C., a Government lending agency to make nonrecourse loans to cattlemen, without restriction, in order to increase the production of cattle.

On the other hand, we have the President of the Commodity Credit Corporation, Mr. Hutson, on the other side of the fence, saying that we have too little corn. What was Mr. Hutson's remedy? Senators who were present know what the suggestion was. He said, "We must narrow the feeding profit to the cattlemen and the hogmen so we can drive in the surplus on the market without feeding them corn." If we ever needed a coordinator to harmonize two programs like that, we need that administrator now. On one side we increase the production of livestock, and on the other side we decrease it because we cannot feed the animals. Such a program will not only drive the cattle into the market but will drive the cattle feeder out of business.

In 2 or 3 months we shall wake up in Washington and find no meat. There was no meat in South Omaha Saturday of last week. Yet, in a country where we have 2,000,000 more cattle than we ever had, and 200,000,000 bushels of corn more than the average June turn-over, it is a pity we cannot get the two together now as we face a meat famine. The program must be harmonized. It should be in the hands of one man. The ceiling on corn should be lifted. We should provide corn for industry. We need it now. We should provide corn, not only for the cattle feeder but also the poultry feeder. Let it seek its own level, and in the final analysis it will not be so inflationary as a subsidy program paid for crop restrictions.

It is said that we have made commitments, and that our word must be made good. The R. A. C. C. was told last January that it did not have authority to loan money except for emergencies, and yet it loaned \$77,000,000. The plea before the committee was: "We have already loaned it, and we want you to ratify our acts." Under the guise of a subsidy we propose to pay a roll-back to the consumer. We support an amendment partly cutting it off, but we propose to continue to pay a subsidy of \$250,000,000 or \$500,000,000 for illegal acts which never were authorized. It is like coming in through the back door. The people of the country do not like it. If we are to pay the consumer a bonus, let us pay it; if we are to pay the producer to produce beef, let us pay the producer to produce beef; but let us not tell the producer that we are going to increase his price, or pay the packer a subsidy, and then turn around and give that subsidy to the consumer as a bonus—as a roll-back. It is not right, and every Member of the Senate knows it is not right. No one could express it more eloquently than it was expressed yesterday by the senior Senator from South Carolina [Mr. SMITH].

I desire to make the record clear. I do not believe in subsidies as they are proposed here. I shall support the Clark amendment which now includes



the George amendment, and I hope that every Senator from the Corn Belt and every other Senator who sees the light will support that amendment. Let us face the issue squarely; let us place subsidies where they belong; let us keep to the spirit of the act; let us see to it that if the cattle feeders and the cattle growers are to increase the beef supply under a subsidy it shall be paid to them, instead of paying a roll-back under the guise of a subsidy to the cattle feeder.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. TAFT. I should like to know whether the Senator objects only to the roll-back feature, or whether if a subsidy were granted to the processor to increase the production, for instance, of soybeans, in order to hold the price where it is, and yet increase the price to the producer, he would favor that kind of a subsidy under certain circumstances where it seemed to be desirable? Or is the Senator's objection to all subsidies? My difficulty in this latter situation is to know what kind of subsidies are good subsidies and what kind are bad subsidies. If the Senate wants to prohibit roll-back subsidies, we can say so, but I should like to know whether the Senator objects to the other kind of subsidy or simply to the roll-back subsidy.

Mr. WHERRY. I will say to the senior Senator from Ohio that any subsidy that has been authorized by the Congress by any act of Congress should be paid, I should feel under obligation to pay it, and whether I believed in it or not would not make any difference insofar as this legislation is concerned. I would be in favor of paying any legal obligation we have made; and I would go further than that. If anyone, who, because of equity or of a commitment had made an advance to the consumer or anybody else, I would feel that we ought to pay it; but the senior Senator from Ohio knows as well as I do how I feel about subsidies; he has heard me deliver more than one speech on this subject. If they are to aid the war effort, if they are to increase the production of critical materials, I would go along with anybody in the war emergency; but, generally speaking, I am against subsidies. I am against them because I think they regiment people; I think they destroy freedom of enterprise; I think they destroy economic freedom. I am against subsidies generally.

Mr. TAFT. Would the Senator be against subsidies to the producer in order that the price might be held to the consumer where it is, rather than to let it go up. Assuming that it is necessary to increase the price to the producer the question is, Are we going to authorize it by subsidy or are we going to say to the Price Administrator you must increase the price to the consumer?

Mr. WHERRY. If we are to pass this legislation, as I interpret the spirit of section (e), the subsidy should be paid to the packer so that he can pass it on to the producer; otherwise it is an illegal use of the subsidy. What we are considering is this legislation; we are talk-

ing about this bill, not about a different bill.

Mr. TAFT. We are talking about the Clark amendment. The Clark amendment prohibits the other kind of subsidy, but the Clark amendment attempts to say—I do not think it quite accomplishes the purpose—that if it is considered necessary to increase the price to the producer the price to the consumer must be increased. That is a perfectly logical theory. I was trying to find out whether the Senator was for it or against it.

Mr. WHERRY. I am for the Clark amendment because, as the Senator from Missouri said yesterday, I think it cuts out the authority under section 2 (e) to the Department of Agriculture, or whoever operates the subsidy. I believe in the George amendment because I am willing to go along with any payment of subsidies that has been authorized by a former Congress and I am willing to pay any subsidy that the Senate feels necessary in order to obtain critical materials to help out in the war emergency. I think possibly the machinery might be improved, and I will say to the distinguished Senator from Ohio—and there is no man in the Senate whose judgment I respect more highly—that I believe his proposal cutting off this machinery is the best that has been presented, except I do not agree with him about paying \$250,000,000, which puts our sanction and approval on an illegal subsidy. That is the only disagreement I have with the Senator from Ohio, and with his wisdom he has the ability to write an amendment to this bill or offer a measure which would cut it off, and permit only the payment of a legal subsidy and to provide to pay, if there is redress, in cases where funds which have been used under a commitment which should not have been made, then I would support it 100 percent. I think the Clark amendment comes more nearly doing what I want done.

Mr. TAFT. I thank the Senator. That is exactly what I wanted to ascertain.

Mr. CAPPER. Mr. President, I take the floor to reiterate my opposition to price subsidies; that is, subsidies for the purpose of lowering or holding down prices. As I have previously stated on the floor of the Senate, I can see the justification of subsidies for the purpose of obtaining maximum production of critical materials or of foodstuffs or feeds. Payment of subsidies to marginal producers can be justified in the emergency.

But that is not the proposition the Senate is asked today to legalize, and for which to provide funds. What is asked in the Bankhead amendment to the pending legislation, as I read it, is congressional approval of the roll-back and subsidy program that already promises to cause grave injury to the livestock and dairy industry. In addition to the injury to these industries, I can see a strong probability that, instead of increasing production, this program is more likely to decrease production.

As a measure to halt inflation, it seems to me that a program which calls for

adding ultimately several billion dollars a year to spending power—and to the national debt—while at the same time reducing prices on already scarce commodities, is bound in the long run to add to the inflationary forces, not to take from the strength of such forces.

I am perfectly aware that there are in effect both direct and indirect subsidies as a means of promoting the war effort. These include construction and conversion of plants, payment of increased transportation costs, and support prices for farm products.

But I want to point out that the purpose of all these subsidies is to bring about increased production for the war effort, or to compensate for increased transportation costs.

I say the proposal to subsidize consumption of certain food products departs radically and dangerously from the principle involved in production and even in distribution subsidies.

I repeat, the subsidies here proposed are not designed, nor are they expected, to increase food production. The effect will be to transfer to the Public Treasury a part of the consumer's cost of living. Briefly, it proposes to charge a part of the cost of the food civilians eat to future generations to pay. Our men in the armed forces who return to civilian life will be required to help pay for the food civilians consume while they are risking their lives in this global war.

Mr. President, my information is that factory pay rolls in the United States practically have doubled in the past 4 years. Bank deposits, I am informed by the Department of Commerce, are in excess of \$100,000,000,000.

Currency in circulation is approximately \$15,000,000,000, or three times what it was only a few years ago. The national income, payments to individuals, this year is expected to reach \$145,000,000,000, nearly twice what it was 5 years ago. The number of able-bodied unemployed is at a minimum.

I ask you, Mr. President, if we cannot pay for the food we eat today, under these conditions, what hope is there for us to be able to pay for what we eat after the war is over?

Even in the face of these conditions, I might be able to justify food price subsidies—with borrowed money—if they were advanced on the basis that these subsidies would (1) provide more foodstuffs, or (2) would enable consumers in need to obtain such foods. I have heard no such claims made for this roll-back and food price subsidy program.

The experience so far has been that its effect has been to reduce prices farmers receive for meat and dairy products. With production costs where they are, that is going to mean decreased production and less food for consumers, less food for our armed forces, less food for our Allies. It strikes me this is a pretty high price to pay for reducing the consumer's butter bill 65 cents a year, and his meat bill two dollars a year. Especially if it results in his being able to buy less meat and less butter.

Last night I received a telegram signed by Will J. Miller, himself a stockman and farmer, secretary of the Kansas Livestock

Association, and by James G. Tomson, president of the association. The telegram stated:

Kansas livestock producers are unalterably opposed to price roll-backs and subsidy payments on agricultural products and urge support of amendments to Commodity Credit Extension Act to prohibit same. Letter follows.

This afternoon I received the letter referred to, and wish to read from it, as follows:

I am writing you at this time because I feel our only salvation is in your (Congress's) hands. We must look to Congress for a fair deal in connection with meat production for our wartime needs.

Office of Price Administration and kindred minds are apparently doing everything possible to increase confusion and discourage production. Market reports in recent days indicate they are doing a pretty good job of it.

Senator, this program is certainly raising hell on meat and livestock situation.

There is no question in my mind it is intended to put our civilian population on a cereal diet. Feel that our feed situation this year will be critical, due to flood and weather conditions. The livestock people do not know where to turn, and the confusion in their minds is increased from day to day due to uncertainties coming out of Washington.

I know of any number of feeders that are simply not going to feed cattle, due to the uncertainty of grains and protein concentrates and inability to buy at any price.

This roll-back of prices—and the roll-back reached the farmer, but the subsidy did not—is making the situation worse.

Mr. President, I ask unanimous consent to have printed at this point, a press release, resolutions adopted by the National Livestock and Meat Board at its recent session in Chicago, and a letter to the President from Albert S. Goss, president of the National Grange, which I send to the desk.

There being no objection, the matters were ordered to be printed in the RECORD, as follows:

CHICAGO, ILL.—At its annual meeting just concluded at Chicago, the National Livestock and Meat Board climaxed the 2-day session with the unanimous adoption of a resolution calling upon the War Food Administration and the newly formed War Meat Board to avoid taking any action in planning the food program for the future which might further injure the livestock industry and at the same time seriously impair the war effort.

The resolution referred specifically to an attempt being made by certain interests, apparently with the sanction of Government officials, to bring about drastic changes in the American diet which provide for further reduction of meat allowances for civilians to a much greater extent than warranted by existing conditions. Such a reduction, it is pointed out by the resolution, can seriously damage the health of the Nation.

The Board, which represents all branches of the livestock and meat industry, calls attention to the fact that the livestock interests of the country are putting forth every effort to produce the tremendous supplies of meat needed by our armed forces, our civilian population, and our fighting Allies and that these efforts so vital in helping to win the war must not be curtailed.

The resolution adopted by the Board read as follows:

"Whereas the livestock industry has responded to the urgent request of Federal

authorities and has greatly expanded both livestock and meat production; and

"Whereas, apparently with the approval of Government officials, proposals are now being made calling for a drastic change in our national diet, further reducing the allowance of meat to civilians much greater than is warranted by existing conditions; and

"Whereas, according to recognized nutritional standards, a further reduction in meat consumption can seriously impair the health of the Nation: Therefore be it

"Resolved, That we, the directors of the National Live Stock and Meat Board, in annual meeting assembled at Chicago, June 18, 1943, urgently request the War Food Administration and the newly formed War Meat Board to give the most careful consideration to all the facts in shaping the food program for the coming months and to avoid taking unwarranted action which might further injure the livestock industry—which is putting forth every effort to supply the meat so necessary for our armed forces, our civilian population, and our fighting allies—and seriously impair the war effort."

The present officers of the board were re-elected to serve for the ensuing year. They are: Chairman H. W. Farr, of Greeley, Colo., who represents the Colorado-Nebraska Lamb Feeders Association on the board; Vice Chairman J. W. Rath, of Waterloo, Iowa, a representative of the American Meat Institute; Treasurer W. H. Tomhave, of Chicago, representative of the National Society of Record Associations; Secretary-General Manager R. C. Pollock, of Chicago.

WASHINGTON, D. C., June 22, 1943.

HON. FRANKLIN D. ROOSEVELT,  
The White House,  
Washington, D. C.

DEAR MR. PRESIDENT: Since the winning of the war and the establishment of a sound and enduring peace depends so largely upon an adequate food supply, any policy that restricts or stifles production should not be tolerated. The situation with which we are confronted calls for the maximum production of foodstuffs.

It is also our duty to do all in our power to halt the drift toward inflation. If we are to prevent inflation we must remove the cause instead of treating the symptoms. There are two chief causes of inflation. The first is the pressure of excess income on an insufficient supply of consumer goods, and the second is the loss of confidence in the Government's ability to pay its obligations in dollars having the same purchasing power as the dollar it borrowed.

Price ceilings as a remedy for inflation have been tried hundreds of times during the past 2,000 years. Not once, so far as we can learn, have they succeeded over an extended period. On the contrary, they have resulted in creating food shortages, black markets, and, finally, the very inflation they were supposed to prevent.

On the basis of today's prices, we have an annual income of approximately \$40,000,000,000 in excess of the consumer goods available. Assuming that half this sum will go into savings, we still have the serious problem of an excess income of some \$20,000,000,000, all seeking something to buy. It is impossible to dam this rapidly increasing surplus income by price ceilings. It is increasing at the rate of a \$1,500,000,000 to \$2,000,000,000 per month, and history proves that it cannot be dammed.

Whenever rising production costs bump into price ceilings, production is strangled. These production costs vary greatly in different sections of the country, and local markets have normally adjusted themselves to these different costs. With inflexible ceilings, the high production cost areas are put out of business.

To overcome this difficulty we began the use of subsidies. Nevertheless, no system of subsidies has ever been devised which is effective enough to reach only these high cost areas. Any subsidy system which is effective in maintaining production must be flexible enough to keep the high cost producer in the field. Under such a plan the low cost producer would receive an unwarranted profit.

As a matter of fact, subsidies, as now employed, do not reach many of the small producers at all, so they are the direct victims of the roll-back. Neither are they sufficient to aid many of the high cost producers. It follows, therefore, that the ceilings are cutting off production, just as they have always done whenever tried.

Thus it will be seen that the ceiling method increases the inflationary gap by reducing production. On the other hand, when used in connection with subsidies, it increases the gap at the other end because the Government has to borrow the money paid in subsidies and most of this is borrowed from banks. This increases our national spendable income. The subsidy therefore defeats itself. The present plan attempts the impossible by putting economic law into reverse. Higher prices encourage production and discourage consumption. The subsidy program encourages consumption, and to the extent that the subsidies fail to reach the producers they discourage production.

After everything reasonable has been done to increase production, including a compensatory price, if the supply will not meet the demand, the next step is to reduce the demand to fit the supply. This can be done in two ways. First, by increased taxes and increased savings, or both. Second, by rationing. Where goods are scarce, rationing should be applied so that the supply will be divided equitably. Commodities can be rationed to produce a surplus which can be used to hold prices at reasonable levels without the use of ceilings; although ceilings to prevent profiteering may be necessary in some instances. Ceilings should be used for no other purpose.

If we do not take practical steps to close our fast-increasing inflationary gap, plain economics will do it for us, as has always occurred in the past. More and more goods will flow through black markets at higher prices, reducing the purchasing power of the dollar until it comes into balance with the supply. That is inflation.

If this Nation is unwilling to pay the cost of its food bill during these years of record income largely based on Government outgo, how can we ever expect our price structure to become balanced? In launching upon a subsidy program in our efforts to hold down the cost of living, it cannot be too strongly emphasized that there is only one basis upon which any Government can endure, and that is that the people must support the Government. Any attempt to reverse this principle, asking the Government to support the people cannot fail to have disastrous results.

Why should we cut the price of coffee 3 cents per pound; butter 5 cents per pound, and meat 2 cents per pound to everybody, including the wealthy and those whose incomes have increased more than the cost of living, in order to aid the few with fixed or low incomes? If subsidies are necessary for the relief of, say, 10 percent of our population, it is an enormous waste to subsidize the other 90 percent who do not need it. A far better scheme would be to use the stamp plan which was employed during the late thirties. Thus the subsidy would go to only those who need it, and it would not be necessary to place ceilings which fast curtail our already diminishing food supply.

England has been cited as an example for us to follow in the matter of price ceilings



and subsidies. However, the English economy is almost the reverse of our own. England is an industrial nation, with only 7 percent of her population engaged in agriculture. Her interest lies in maintaining a low level of food prices and the 93 percent of her people can well afford to subsidize the other 7 percent to keep food prices at the desired level.

In England the consumer pays 60 percent of his income for food, as contrasted with 22 percent in America, believed to be the lowest on earth.

In England they have practically closed the inflationary gap, largely by taxation. Three years ago there were 7,000 people with a net income in excess of \$25,000 after paying taxes. Last year this group was reduced to 80. At the other end of the line, England has sales taxes ranging from 12 to 72 percent of the retail price.

England pays a subsidy, but in effect the United States pays it for her. During the 2 years ending March 1, we exported to England under lend-lease \$1,449,064,000 in foodstuffs. She sold this food to her people and out of the proceeds paid subsidies estimated at approximately \$730,000,000, with a tidy balance left over. Thus, England did not increase her inflationary gap by borrowing the subsidy money from banks.

The English figures do not tell the whole story. In her food index she uses only 14 items, largely those received from America, which are under complete control. She does not include such home-grown products as fresh fruit, fresh vegetables, or any canned goods. The prices on these items have risen sharply. They have had to go up in order to maintain production, but this increase does not show in the food index which England exhibits as proof that food prices have not been allowed to advance.

It should also be noted that England is having a serious time with black markets. She has had to increase the penalty for the sale of food above ceiling prices to 14 years in prison, plus \$20,000 fine, yet with these severe penalties, prosecutions have increased 320 percent in the last 2 years and the Ministry of Food has recently reported that black markets are endangering the successful prosecution of the war.

We therefore feel that it is not wise to try to follow in England's footsteps, but rather that our course should be based upon the sound economics necessary to maintain a maximum food supply, for we have no one but ourselves to look to for aid.

Sincerely yours,

THE NATIONAL GRANGE,  
ALBERT S. GOSS, Master.

Mr. CAPPER. Mr. President, I also ask unanimous consent to have printed as part of my remarks at this point a letter from Mr. C. C. Cogswell, master of the Kansas State Grange; a letter from C. T. Lindgren, cashier of the Farmers State Bank of Canton, Kans., and an accompanying newspaper clipping; and some of the many telegrams and letters received by me protesting against the roll-back and subsidy program.

There being no objection, the matters were ordered to be printed in the RECORD, as follows:

KANSAS STATE GRANGE,  
Topeka, Kans., June 23, 1943.

HON. ARTHUR CAPPER,  
United States Senator,  
Senate Office Building,  
Washington, D. C.

DEAR SENATOR CAPPER: There is no question in my mind but that the Grange membership and practically all other actual farmers of Kansas are opposed to the roll-back and food-subsidy program. I base this con-

clusion on the result of hundreds of personal contacts and scores of letters, as well as replies from questionnaires sent out from my office.

More than 270 questionnaires were recently sent to masters of subordinate Granges in Kansas. One of the questions dealt with the subsidy and, without exception, every reply has been opposed to it. There are various reasons, among which the following are the most frequent:

"It is unfair to agriculture as the benefits go to others."

"It is impossible of equitable administration."

"If ceiling prices are fixed as a means of preventing inflation they should never be set at a figure lower than the one attained through natural causes prior to the time of fixing it."

"There is no justification for subsidizing the consumer (even if it could be made effective) at a time when the smallest percent of his earnings are required for food."

"It discourages production of needed food."

The whole Office of Price Administration set-up is bogging down and unless changed will prove a major disaster. Fumbblings have already frozen the normal flow of corn to feeders who do not produce it, causing heavy losses and threatening liquidation of half-fed animals. This will prove costly to many and hasten the national food shortage that now seems inevitable.

I sincerely trust that something constructive will soon be submitted in lieu of the destructive influences now at work. Farmers and other businessmen alike are fed up on so much 1944 politics being injected into every activity emanating from Washington. If this information is helpful, use it any way you desire.

With best personal regards, I am,

Sincerely,

C. C. GOGSWELL.

THE FARMERS STATE BANK,  
Canton, Kans., June 22, 1943.

Senator ARTHUR CAPPER,  
Washington, D. C.

DEAR MR. CAPPER: I enclose herewith clipping from Wichita Eagle as of last night. This explains some of the conditions here and market slumps. Pigs that formerly sold at \$12 at local sales now bring about \$6.

I believe that the subsidy on meat, etc., will discourage many farmers in trying to raise more meat and poultry.

If they lose money and with no help to do their work they will drop the items that lose money as fast as possible. Our local meat market man informs me that meat salesmen from packing houses are trying to push lard on the market as they have a large supply but owing to high ration points he cannot sell what he has on hand.

I do not think our Kansas farmers will strike and hope they do not. However, I believe they are entitled to cost and a little besides. Farm wages are \$100 per month, board and room. Many working in cantonments get as high as \$300 per month, work less hours with nothing invested.

Our wheat around here is one of the poorest crops in many years. Much froze out andessian fly, etc., takes its toll. No danger of the farmer being too prosperous on present set-up.

Respectfully,

C. T. LINDGREN.

[From the Wichita Eagle of June 21, 1943]

FEAR IS FELT MEAT SUPPLY TO DROP HERE  
Wichita's meat supply is taking a downward plunge and unless the Government can make adjustments, housewives will be faced with more meatless days.

Four Wichita packing plants have either completely ceased operations in the beef market or cut down at least 50 percent. The

Dunn-Ostertag Co. butchered 3 head of cattle last week instead of the usual 100.

Joseph Dunn, vice president and secretary of the company, said that if the plant continued killing it would be at a great loss, and that the company is uncertain about the Government plan of subsidy.

The Sunflower Packing Co. killed 11 head of cattle the first week in May, and 6 the second week, at a loss of \$20 a head, said Fred Lochmann, president. Since then no beef has been killed, and the killing of pork has been cut down because of the lard situation. The public will not buy lard because the points are so high, and unless the Government can adjust this to relieve the Sunflower Packing Co., Mr. Lochmann asserted, the plant's surplus of lard will have to be given point-free to a desiccating company. Mr. Lochmann has queried the Government which was worse: letting the public have it point-free or the desiccating company? Washington is investigating, said Mr. Lochmann, but added that unless the lard situation were cleared up immediately, the company will have to discontinue the slaughter of hogs. As it is, the company killed 33 hogs last week instead of the usual 200.

H. F. Brown, of the Excel Packing Co., stated his plant has had to cut down from 40 to 45 percent owing to the Government price cut on beef.

Another local packing company has killed only 7 beef in the last week, instead of their usual 150 because it has lost from \$2 to \$15 a head over what was paid for the cattle. This company attributed the situation to Office of Price Administration regulations.

The increasingly critical meat situation in Wichita is representative of the suspension of operations farther east. Approximately 14 packing houses in Ohio have ceased slaughter. A slump of beef on the hoof has been reported in the same packing districts.

Cudahy has not been affected yet by the Office of Price Administration regulations, and the Government subsidy plan, said J. A. Preston of the Cudahy Packing Co. "We are wondering if this will cause the shipper and raiser to hold back a little in shipping the cattle, but the reason our shipments are light now is because this is an in-between season. They are always light at this time of year. This year, however, they are a little lighter."

About the suspension of slaughter operations, Mr. Preston said that the Cudahy company is faced with the same losses as the other Wichita plants, but that the Cudahy company must fill its Government contracts, irrespective of loss. Cudahy will buy anything that comes into the market, asserted Mr. Preston.

The Fred W. Dold Packing Co. is also listed as a major packing company in this area.

MARION, KANS., June 24, 1943.  
Senator ARTHUR CAPPER,  
Washington, D. C.:

Strongly disfavor subsidy program which will roll back agricultural prices.

MARION COUNTY FARM BUREAU,  
ALPHONSO KLENDA, President.

GARDEN CITY, KANS., June 24, 1943.  
ARTHUR CAPPER,  
Senator, Washington, D. C.:

Four hundred members of Finney County Farm Bureau urge your continued opposition to subsidies rolling back agriculture prices.  
FINNEY COUNTY FARM BUREAU,  
G. B. MAYO, President.

CHICAGO, ILL., June 24, 1943.  
Senator ARTHUR CAPPER,  
Washington, D. C.:

Need your best efforts to stop roll-back subsidies. They are killing farm prices and will hurt producers and consumers too.

W. A. RAYMOND,  
Garden City, Kans.

CHICAGO, ILL., June 24, 1943.

Senator ARTHUR CAPPER,  
Washington, D. C.:

Roll-back on farm prices having bad effect.  
Please do all you can to stop this plan.

KANSAS FARM BUREAU WOMEN,  
MRS. GEORGE HOLLEMBEAK,  
Chairman.

GIRARD, KANS., June 25, 1943.

ARTHUR CAPPER,  
Washington, D. C.:

Farmers opposed to subsidy roll-back which will break agricultural price structures and will place agriculture at a further disadvantage. We urge you to use your utmost influence in opposition to program.

CRAWFORD COUNTY FARM BUREAU,  
E. J. MOREY, President.

STOCKTON, KANS., June 24, 1943.

Senator ARTHUR CAPPER,  
United States Senate,  
Washington, D. C.:

Farmers of this county believe subsidies rolling back prices will only serve to break agricultural prices structure unless stopped immediately. Many farmers contemplate reducing or liquidating livestock operations unless situation is improved. I urge you to oppose this measure.

ROOKS COUNTY FARM BUREAU,  
ORIA VROVER, President.

GIRARD, KANS., June 24, 1943.

Senator ARTHUR CAPPER,  
Washington, D. C.:

Farmers and businessmen are opposed to subsidy roll-back and urge your opposition.  
H. H. VANHOZER.

SHARON SPRINGS, KANS., June 25, 1943.

Senator ARTHUR CAPPER,  
Washington, D. C.:

The farmers of Wallace County are opposed to subsidies.

R. B. RIGOR,  
President, Wallace County Farm Bureau.

GIRARD, KANS., June 24, 1943.

Senator ARTHUR CAPPER,  
Washington, D. C.:

Girard Chamber of Commerce, because of the almost universal opposition by its members and the farmers of this trade district to subsidies in any form, requests that you use every means at your disposal to defeat any legislation legalizing such payments.

ROY JACOBSON, President.

OSWEGO, KANS., June 24, 1943.

Senator ARTHUR CAPPER,  
Washington, D. C.:

DEAR SIR: In the interest of agriculture, I will appreciate any effort you see fit to make to stop price roll-back and subsidy payments. All we farmers want is a fair price, and subsidy payment will be unnecessary. The consuming public never was more able to pay a fair price for food, and I see no reason why future generations should be taxed so we can have cheap food now. Let's give the next generation a chance. Further price cuts will mean less food.

WM. A. CHRISTY,  
President, Labette County Farm Bureau.

GYPSUM, KANS., June 24, 1943.

Senator ARTHUR CAPPER,  
Washington, D. C.:

Farmers are against price roll-back program.

GLEA GILLUM,  
President, Saline County Farmers Bureau.

FAIRBURY, NEBR., June 21, 1943.

Senator ARTHUR CAPPER,  
Senate Office Building,  
Washington D. C.

DEAR SENATOR CAPPER: We Nebraska farmers don't want subsidies or parity payments. We want a square deal with labor and industrialists. We want to raise what our land is fitted for and we have the machinery to handle.

We can't raise paying crops of flax. Our land is too full of weed seeds. We can't raise peanuts; nor can we raise soybeans—usually too dry and too many rabbits to eat them when they are green—but we can raise wheat, oats, corn—sometimes—alfalfa, sweet clover, hogs, cattle, sheep for wool and mutton. We use sweet clover for rotation. We can successfully raise brome grass, alfalfa for hay and pasture.

Yours,

CHARLES M. TURNER.

McPHERSON, KANS., June 14, 1943.

Hon. ARTHUR CAPPER,  
United States Senator from Kansas.

DEAR SENATOR CAPPER: We hear considerable about a roll-back in prices and a subsidy plan. I am against any such a plan. I hope you will work against such a plan and vote against it. It savors a lot of politics. My farms market cattle and hogs each year. I can see no reason for hogs being cheaper now than a year ago with the cost of production being 25 to 30 percent higher.

Yours with thanks.

J. J. YODER.

THE LIGHT GRAIN & MILLING CO.,  
Liberal, Kans., June 18, 1943.Hon. ARTHUR CAPPER,  
Senator from Kansas,  
Washington, D. C.

DEAR SIR: This letter is being written to tell you that we are definitely opposed to the food-subsidy plan which is now before Congress.

We cannot help but feel that subsidy payments are just as inflationary as wage increases; that the taxpayer will bear the entire burden for the appeasement of a few radical labor leaders that seem to be running our Government. Proponents of the food-subsidy plan point to the success in England and Canada of subsidy in keeping living costs down, but we understand that labor costs are also definitely controlled. If prices of everything, including wages, were frozen, then we could see the possible necessity of subsidizing a few out-of-line commodities, but when it comes to leaving wages and a few pressure-group commodities open and then attempt to compensate the producer for a roll-back in price to appease the labor leaders, it is high time people of this country took some action and place men in charge of our Government that are forthright and have nerve enough to deal with such situations.

We know that you will take the proper action in dealing with this matter and hope that there is sufficient strength to defeat it.  
Yours truly,

THE LIGHT GRAIN & MILLING CO.,  
W. E. BUSH, Sales Department.

THE J. C. LYSLE MILLING CO.,  
Leavenworth, Kans., June 21, 1943.

Senator ARTHUR CAPPER,  
Washington, D. C.

DEAR SENATOR CAPPER: I take it for granted that you are opposed to the administration plan for subsidies on agricultural products.

The milling industry has gone on record as vigorously opposing the proposed administration subsidy program.

I, personally, am opposed to this subsidy plan—

1. Because it is an evasive, almost dishonest attempt to side-step the labor issue.

2. Because it represents huge, nonessential additions to the tax burden, at a time when taxes are intolerably high.

3. Because the subsidy plan, as proposed by the administration leaders, will not prevent inflation, but, on the contrary, will immeasurably increase the hazard of inflation and have a disastrous effect upon the economic structure of this country for years to come.

Yours very truly,

JAMES C. LYSLE, President.

Mr. BALL. Mr. President, it seems to me that so far in the discussion of subsidies and roll-backs of prices two facts have been overlooked. One is that inflation is a real danger on the home front today, probably the most serious danger. The estimate is that last year there was \$25,000,000,000 of excess purchasing power in this country. After individuals had paid all their taxes, had made all their individual purchases of bonds, and had paid their living expenses, they had \$25,000,000,000 left over to spend. In my opinion, it is that inflationary gap which has pressed steadily upward on prices, and so long as it is there—and this year it will be even larger—any "hold the line" program will be impossible until something is done about it.

It is estimated the excess purchasing power this year may reach \$35,000,000,000. If the Government continues to permit purchasing power to accumulate during another year or two of the war, so that it will be from \$75,000,000,000 to \$100,000,000,000 at the end of the war, and by subsidies or other means we attempt to hold price increases to a slow pace, that extra purchasing power of from \$75,000,000,000 to \$100,000,000,000 turned loose in our economy at the end of the war will create chaos. It is almost certain to bring about a runaway inflation, and make any sound, sensible post-war program for America almost impossible.

So far as I can see, neither the administration nor Congress is proposing any realistic program to take care of that excess purchasing power. Whether it is done through a retail sales tax, stiffer individual income tax rates, or compulsory savings, or a combination of all three, I am convinced—and I have sat through the consideration of all these bills in the Committee on Banking and Currency—that until the job of sopping up all this extra purchasing power is done, any measures to hold the line on prices and wages are doomed to failure.

Today we face this situation: The executive branch has told the country that it proposes to hold the line, and prevent a wage-price spiral upward, by the use of subsidies, a roll-back of prices, and a hold-the-line program. In common with most of the other Members of this body, I do not think it will work so long as from twenty-five to thirty-five billion dollars of excess purchasing power remain in the hands of the people, and nothing is done about sopping it up.



There is no proposal from the administration, and no proposal in Congress, to do anything about that problem. We are merely saying to the country that we do not believe the administration has the right answer, but we ourselves have not any answer.

Mr. President, I am not ready or willing to sit here and vote against subsidies, unsound as I think they are in substance—I do not think we can oppose them in principle, because Congress has voted subsidies for many purposes—I am not prepared to sit here and tell the country that we think the administration program to hold the line on inflation is unsound and will not work, when we have not any program of our own.

I am supporting the Bankhead-Taft committee proposal. That would allow the administration \$500,000,000 for subsidies to finance roll-backs on meat and butter, and to hold the line under the present program. Congress will return next fall, and we will then see how the program has worked, and I am hopeful that if the subsidy program proves that it cannot do the job, then either the Congress or the administration will propose a tax and compulsory savings program which will do the job. But I am very much afraid that if we deny the administration authority to try their answer to inflation, and propose none of our own, the country will be doomed to see prices and wages chase each other upward, and finally end in a real inflation.

Mr. JOHNSON of Colorado obtained the floor.

Mr. MALONEY. Mr. President—

The PRESIDING OFFICER (Mr. TUNNELL in the chair). Does the Senator from Colorado yield to the Senator from Connecticut?

Mr. JOHNSON of Colorado. I yield.

Mr. MALONEY. In discussing the subject of subsidies yesterday I said that I had on more than one occasion asked the O. P. A. authorities if they would submit to the Committee on Banking and Currency the program of subsidies they intend to apply if the pending bill is approved. I was informed late yesterday afternoon, and again this morning, that they were working on an explanation of the plan which they will submit, and I hope to have it before the conclusion of this debate.

I have, however, received from the O. P. A. authorities, by way of Mr. Richard B. Gilbert, who is economic adviser to Prentiss Brown, a lengthy statement entitled "The Essential Role of Subsidies in the Stabilization Program." This paper sets forth the arguments of the O. P. A. in favor of the entire program. I fear Senators will not have a chance to read it before the conclusion of the debate, but I ask unanimous consent that the statement be printed in its entirety at this point in the RECORD, as I have the feeling that, regardless of what we do today, the subject of subsidies will be before the Senate again. I am hopeful, of course, that the committee bill will pass, but if it fails of passage, it is certain that this subject will confront us

time and again. I think these arguments should be made available for the RECORD, for use in the future, and for the benefit of all those who are concerned with this all-important subject.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Connecticut?

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

THE ESSENTIAL ROLE OF SUBSIDIES IN THE STABILIZATION PROGRAM  
THE STABILIZATION CRISIS

The present crisis on the economic front shows that the stabilization program urgently requires reinforcement. Such reinforcement must consist not only of the more vigorous use of the major controls which constitute that program; it must include the use of subsidies as a new major technique. In this connection it should be borne in mind that the national program for economic stabilization as it now stands has developed stage by stage. New elements and new techniques have been added as the growing pressures of war have altered the basic circumstances with which it has had to deal.

DEVELOPMENT OF THE STABILIZATION PROGRAM

Beginning in June 1940 with what was virtually a "price watching" program, it has expanded as the pressures have grown. Price watching became price control. Price control, originally selective in nature, was made general a little over a year ago. Farm prices have been made more fully subject to control. The fiscal program, embracing taxes, savings, and credit control, has been harnessed to the requirements of economic stability. Rationing of consumer goods has been introduced and expanded to insure equitable distribution. Control of incomes has been imposed, both to relieve the pressure of labor costs upon prices and to slow down the increase of income.

Thus, from a small beginning, appropriate to the minor dimensions of the problem in 1940, the policy has developed into a broad, many-sided program geared to the tremendous strains and pressures of an all-out war economy. This gearing, however, is not yet complete. That fact is clearly indicated by the present crisis, in which, while wage stabilization has been made effective, the cost of living has continued to rise until the stabilization of wages, and with it the entire program, is jeopardized. To make the program effective, it must be strengthened and it must include full use of subsidies along the lines which the British and the Canadians have found so effective.

WAGES AND THE COST OF LIVING

The wage and cost-of-living elements of the stabilization policy are very closely linked, perhaps more closely than any others in the integrated program. Not only have wages and the cost of living exerted pressure each on the other in every inflationary period known to history, but in the national program this linkage has been expressly recognized and wage stabilization has been accepted on the basis of the declared policy to stabilize the cost of living. Under the Little Steel wage stabilization program, wage rate increases have been limited to 15 percent above January 1941 levels.

The cost of living, however, has risen 25 percent above the level of January 1941. Even since September 15, 1942, the date named by the Congress as the bench mark of wage and price stabilization, it has risen 7 percent. Maintenance of wage stabilization requires that the cost of living be reduced to the September 1942 level and stabilized there.

UNACCEPTABLE ALTERNATIVES TO THE ROLL-BACK

There is no alternative to rolling the cost of living back into line with wages. To take the other course and to adjust wages upward to match the rise in living costs would set the inflationary spiral in operation and make certain that a new crisis would arise every few months. A roll-back of the cost of living is therefore an incapable move in the stabilization program. Such a roll-back, however, cannot be permitted to interfere with production. That, too, is a wholly unacceptable alternative, one that could not possibly be tolerated.

Why subsidies must be used

A problem of reconciling adequate production on the one hand and stable prices on the other arises in those cases where the price that would cover all production costs exceeds the level at which prices to consumers are to be stabilized. The producer must be assured this return and yet the consumer must not be required to pay more.

These are two distinct problems. The apparent conflict between them, however, is easily reconciled and the solution to both is obvious as soon as one recognizes that the price paid by the consumer need not be the sole source of return to the producer. What the producer gets from the ultimate consumer in the form of a market price can be supplemented, in those few cases where it is necessary, by payments from the Government. These payments permit him to receive an adequate return while the price to the final user is firmly held.

The need for supplementing these returns arises not only in cases where price ceilings must be reduced but also in cases where the cost of producing marginal output necessary for the war exceeds the ceiling price and where costs will increase.

Certain costs are bound to increase, regardless of our ability to stabilize raw-material prices and wage rates. New and more expensive raw materials may have to be substituted for those customarily used; less efficient facilities and less efficient labor may have to be utilized; foreign suppliers may raise their prices; the hazards of ocean shipping, traffic congestion, or break-downs may raise transportation costs. A variety of such dislocations is inevitable in wartime.

In many cases earnings are sufficient to permit these cost increases to be absorbed. In many other cases they may be met by compensating economies of production. There will nevertheless be cases where returns must be supplemented. If prices were to be increased in such cases, stabilization could not be achieved.

It has become obvious to all that when we increase one price we make necessary other increases, we create new pressures throughout the economy, and we thereby make it impossible to achieve the goal of stability. This is, of course, a basic reason for supplementing producers' returns by using subsidies instead of raising prices. Less frequently appreciated is the fact that effective price control requires that a price, once fixed, should remain stable. If a price regulation has to be frequently amended or replaced by new regulations, it becomes complex and irritating to business. At the same time it becomes ineffective and unenforceable because the changes make it difficult or impossible for the consumer to know what the ceiling is. Thus both simplicity and effectiveness of price control require that price increases be avoided.

Savings made possible by the use of subsidies

There is widespread appreciation, both in Britain and in Canada, that the subsidy program, by making possible the stabilization both of living costs and of the wage bill, is saving the country far more than it is costing its treasury. The principles involved may be illustrated if we turn to the program now

scheduled to go into effect in the United States and compare the cost of the subsidies with the costs that would result under the alternative wage and price adjustments.

Even when we take the narrow view and ignore the immeasurable damage that inflation could do to war production, war morale, and post-war adjustment, considering only the narrow financial results of using subsidies to help prevent inflation, we find that subsidies are an enormously profitable investment as compared to the alternative. They save the Government and consumers far more than they cost. In fact, even if we ignore the saving to consumers, they save the Government alone far more than they cost.

#### DIRECT SAVINGS

The subsidies are to be used to prevent price increases, or in the case of meat, butter, and coffee, to permit price reductions. The price increases that will be avoided or the price reductions that will be directly secured by their use far exceed the amount of the subsidies. In the case of meat, butter, and coffee, the subsidies will cost from three hundred to four hundred and fifty million dollars. The direct saving to household consumers alone is equal to \$470,000,000. This saving reflects the lower margins which prevail in wholesaling and retailing when prices are low. Because of the practice of the distributive trades, whereby major costs move in the same direction as prices, any price reduction at the producer or processor level must result in a greater reduction at the retail level.

#### INDIRECT SAVINGS

This source of saving, substantial though it is, is the least important source of saving from subsidies. Far more important is the saving to the Government and to consumers that results from the avoidance of the wage increases that would occur if subsidies were not employed and from the avoidance of the price increases that such wage rises would make necessary. For we are faced today by a specific situation in which the alternative to subsidies is a break-down of the Little Steel wage stabilization formula, and a series of wage and price increases that would cost the Government many times the amount of the subsidy.

These savings can be estimated in dollars and cents. The meat, butter, and coffee program provides a clear example. This program will reduce the cost-of-living index by more than 1 percent. It is conservative to assume that without this reduction wages and salaries would have to increase by four-fifths of this percentage. Some groups would probably be able to get a wage adjustment equal in percentage to the price increase that has occurred since September 15, the base date of the Stabilization Act. Others would be able to get much less. The figure of 0.8 percent wage adjustment for every 1 percent price change is a reasonable average. The reduction of the cost-of-living index amounting to 1.1 percent will, on this estimate, forestall a wage increase averaging about 0.9 percent. Since wages and salaries will equal over \$100,000,000,000 in the fiscal year 1944, the increase in the wage and salary bill that would occur without the meat, butter, and coffee price reductions would be over \$900,000,000.

What effect would this have upon prices?

The most conservative assumption that it is reasonable to make is that the value of output would go up on the average by no more than the increase of wages and salaries. In some cases, to be sure, profit margins are today so wide that an increase of wages could be absorbed out of these profits without an increase in prices. Where profits are already low, however—and this may be true for essen-

tial firms even if not for an entire industry—a wage increase would put pressure on prices for the industry as a whole. In still other cases prices are determined upon the basis of cost plus a percentage. This is true, for example, in distribution, for reasons already referred to. It is also true under many Government contracts where prices are based upon cost plus a percentage. Taking all these factors together, it is clear that the smallest increase to be expected in the value of a product as a result of a wage increase would be an increase equal in dollars and cents to that of the wage and salary cost.

This is not the end of the matter, however. The price increase that would result from the initial wage adjustment would raise the cost of living, and this, in turn, would require further wage adjustments.

#### TOTAL SAVINGS OF \$4 TO \$12 FOR EVERY DOLLAR SPENT

At the end of two wage and price adjustments, prices would have risen by \$1,300,000,000. The Federal Government alone will purchase about 55 percent of the gross national product and would presumably have to pay a roughly similar proportion of any price increase. The saving on Government expenditures through the avoidance of price increases that the Government would otherwise have to pay is therefore about \$720,000,000. The saving to consumers from the avoidance of these price increases is \$550,000,000. When the direct saving to consumers from the price reduction on meat, butter, and coffee is added to this, the total saving to consumers amounts to \$1,020,000,000. Thus, the total saving on expenditures for Government and consumers together amounts to \$1,470,000,000, since the cost of this program will be between \$300,000,000 and \$450,000,000 a year. The ratio of saving to cost is roughly between 4 and 6 to 1.

If we make the somewhat less conservative, but perhaps more realistic, assumption that a rise in wages will bring about an equal percentage increase in prices, the saving is still greater. On the basis of this assumption, savings on Government expenditures alone are estimated at almost \$1,750,000,000. Savings to consumers from the avoidance of price increases are \$1,300,000,000, and when the direct savings resulting from the price reduction is added, the total savings to consumers amounts to about \$1,770,000,000. This is a total of over \$3,500,000,000 on Government and consumer expenditures together. The cost of subsidy needed to obtain this result being at most \$450,000,000, and possibly as low as \$300,000,000, the ratio of saving to cost on this assumption is therefore no less than 7½ to 1 and may run 12 to 1.

#### DIFFERENTIAL SUBSIDIES

This cost estimate, it must be noted, reflects payments to all parts of the industry. Across-the-board payments are not typical of subsidy programs and the ratio of saving to cost will ordinarily run substantially higher than has been estimated for the meat, butter, and coffee program. Ordinarily subsidies may be limited to only part of an industry because of the market variation in costs among firms in the industry. Under such circumstances, earnings may be satisfactory for the industry as a whole, while for some firms, or for additional production by otherwise low-cost firms, costs may be above the ceiling price. In such cases, subsidy payments, while necessary to cover these costs, may be limited solely to the high-cost production.

<sup>1</sup> The balance of the \$1,300,000,000 saving would accrue on purchases of the now negligible amount of private new capital formation.

The most striking example of subsidies to marginal producers is the premium price plan for copper, lead, and zinc which has been operating since February 1942. In the case of copper, for example, the use of a subsidy saves the Government at least \$28 for every dollar it spent.

If the high-cost copper had been obtained in 1942 by permitting the price of all copper to rise from the ceiling level of 12 cents to the price of 17 cents that is necessary to cover high-cost production, the Government would have paid an additional \$280,000,000 in 1942. To avoid this the Government paid 17 cents only for the high-cost copper and sold it to manufacturers of war goods for 12 cents. It thus took a loss on the high-cost copper of 5 cents a pound. This loss is the subsidy. Since virtually all copper mined goes into war goods bought by the Government, the subsidy makes it possible for the Government to avoid paying the 5-cent premium on the overwhelming bulk of the output and thus saves considerable expense in the purchase of war goods. In 1942 it cost the Government about \$10,000,000 to save the \$280,000,000 that it would have had to pay in additional direct costs of the copper component of war materials. Moreover, since the increase would undoubtedly have been pyramided in the price of the finished war goods, the saving is undoubtedly much greater than the indicated 28 to 1. That is a saving with a vengeance.

#### Method of granting subsidies

Several possible mechanisms are available for making these payments. One is a direct payment of the subsidy to producers, or distributors, depending upon where the pressure on returns is being felt, or, in case prices for the industry are realigned generally, where the subsidy can be most efficiently administered. This commonly is at the processor level.

A second method is for the Government to purchase the entire output of the product to be subsidized and to sell it back to the industry or to consumers at a lower price than was paid. The loss resulting from sale at the lower price constitutes the subsidy. By this means the Government can pay a price to the producer high enough to insure that he will get adequate returns, while at the same time the product can be made available to processors and distributors and thereby to consumers at a lower price than would be possible without the subsidy.

This method, like the first, is used extensively in Canada and Great Britain. In Canada, the Commodities Price Stabilization Corporation, especially created for the purpose, conducts these purchases and sales. This method has also been used in the United States to some extent. The Commodity Credit Corporation purchases crude vegetable oils, for example, from refineries and sells it back to them at one-half cent per pound less, thus permitting these fats and oils to be processed and sold at stable prices, while maintaining the Department of Agriculture's support price so that production of the vegetables may be increased.

The third method of subsidy, which in fact is only a variation of the second, is for the Government to purchase, not the entire output, but that portion of the output of a commodity which is produced at a cost higher than the price ceiling permits and to sell it to the industry at the ceiling price. This method has been used with extraordinary savings to the Government in premium price plan for copper, lead, and zinc, already cited above.

A fourth method of subsidization is the provision of a service by the Government at a loss. This method is used only in connection with the provision of services that have mounted in price directly because of



war conditions. For example, the War Shipping Administration, in order to stabilize the cost of war risk insurance to shippers, insures commodities at stable rates and absorbs any excess of claims paid over premiums. Commercial insurance rates have skyrocketed because of submarine activities. Without the Government's program for providing insurance at stable rates, the continued importation of goods at stable prices would have been impossible.

#### *Analysis of objections to subsidies*

The program to expand the use of subsidies into one of the key techniques for stabilizing the cost of living has given rise to a host of objections. Most of the objections to the use of subsidies ignore the alternative to their use and are without foundation. Let us consider each of these objections in turn, remembering as we do so that the alternative to the use of subsidies is a rise in the cost of living and resumption of the upward spiral of prices and wages.

#### **OBJECTION NO. 1. SUBSIDIES (LOWER PRICES) ARE THEREFORE INFLATIONARY**

This objection takes various forms. In its most confused form the argument is that subsidies to hold down or reduce prices leave people with more money to spend upon other commodities, and that they are therefore inflationary.

Now, of course, to say that lower prices are more inflationary than higher prices is to say that down is up. Probably what people have in mind when they make this argument is that if we were to let prices go up without letting incomes go up—a virtually impossible task—the price increase would prevent or discourage people from buying, and that if we hold prices down we shall have to restrict their purchasing by other means.

But this necessity exists in any case. That is just why we have rationing. We do not propose to restrict purchases of necessities to consumers through letting prices rise. To do that would be to distribute the supplies to the people who have the longest purses. It is precisely to avoid such an inequitable distribution of scarce necessities that we have price control and rationing in the first place.

In any case, this argument completely overlooks the fact that if prices were permitted to rise, wages and other incomes would have to be adjusted to the increased cost of living. Moreover, the rise in parity prices would require an increase of ceilings on farm prices and thus would result in an increase of farm income. The increase of incomes resulting from these adjustments would give consumers far greater purchasing power than would be absorbed by the higher prices themselves. These adjustments, therefore, magnify the consequences of a price rise. On the other hand, even an across-the-board subsidy avoids this inflationary result, and a subsidy that is limited to high-cost production reduces still further the relatively small increase of income resulting under any subsidy program. Thus, the premise of this argument, that subsidies release more purchasing power for expenditures upon other commodities than would a price increase, with all its indirect effects, is simply not correct.

#### **OBJECTION NO. 2. SUBSIDIES INCREASE WAR EXPENDITURES, THUS FEED INFLATION**

Another reason is advanced for supposing subsidies to be inflationary. They involve an additional expense to the Treasury at a time when war expenditures are rising to previously unheard-of levels. Since it is recognized that the increase of war expenditures is the underlying cause of the inflationary danger, does it not follow that a further increase, such as is involved in the payment of subsidies, aggravates that danger? Here again the answer is clear so long as the alternative to subsidies is borne in mind.

A rise in prices would involve an increase in Government and private expenditures far greater than the increase which the subsidy expenditure involves. In fact, the increase in Government expenditures alone that a price increase would cause is far greater than that involved in the payment of subsidies. This follows from the fact that the Government is now the major buyer of goods in the American economy. It has been noted above that in the fiscal year 1944 the Government will probably purchase at least 55 percent of the gross national product. Its expenditures will be over \$100,000,000,000. A 1-percent increase in the prices Government must pay would cost it more than \$1,000,000,000. The subsidies required to forestall such an increase fall far short of such a sum. Thus, even when one looks only at the effect on the Public Treasury, the cost of subsidies is much less than the cost of rising prices. Contrasted with the alternative, subsidies not only constitute a definite economy, but they also involve a smaller injection of purchasing power, and, therefore, are not inflationary.

#### **OBJECTION NO. 3. SUBSIDIES ONLY CONCEAL PRICE RISES**

Another objection sometimes made is that the use of subsidies does not prevent price increases; it merely conceals them. The basis of this argument is the claim that the subsidies involve taxes which are as great as the price increase that is avoided. For example, it is said that the use of a subsidy to avoid an increase in the price of butter from 45 to 50 cents a pound merely means that the public pays 45 cents for butter and 5 cents in taxation instead of paying 50 cents for butter, and that the public is no better off.

Here again the argument ignores the indirect effect of a price rise upon wages and upon prices generally. It cannot be stressed too greatly or too frequently that, whether the cost of subsidies is financed by taxation or by borrowing, the increase in the tax load or in the public debt is far less when subsidies are used than when prices are permitted to rise.

Furthermore, the argument that the public is no better off because what it saves in prices it pays in taxes ignores completely the very great difference in the impact of a price increase and the impact of additional taxes among income groups. Under our democratic system of progressive taxation, additional tax revenues are raised predominantly in accordance with ability to pay. A price increase, on the other hand, takes equal amounts from every purchaser regardless of his income and thus takes a higher percentage of low than of high incomes.

The fact that inflation does bear so heavily and so unfairly on low-income groups is a major reason for imposing price control in the first place. To say now that it does not matter to the consumer whether price increases are prevented or not is to deny completely this basis for price control. Where the argument is not grounded in ignorance or naiveté, it can only be a back-door attack on the anti-inflation program.

#### **OBJECTION NO. 4. CONSUMERS CAN AFFORD HIGHER PRICES**

A somewhat similar fallacy underlies the point, frequently made, that price increases are not objectionable because consumers have such high incomes that they can afford to pay higher prices. Figures are then cited to show that total income of consumers has risen by more than the cost of consumers goods and that consumers are consequently spending a smaller proportion of their incomes than ever before. Here again the use of total figures conceals one of the major problems that price control is designed to meet.

The increase of total consumer income reflects extremely large increases in the incomes of some consumers and, at the same time, very small increases or no increase at

all in the incomes of other consumers. The annual earnings of large groups of the population have not risen by nearly enough to compensate for the rise in the cost of living and in many cases have not risen at all. Between January 1941, the base date for wage stabilization, and March 1943, weekly earnings in all nonagricultural establishments rose 32.5 percent. When corrected for the rise in the cost of living during the same period, this percentage is drastically lowered to 8.8. Within nonagricultural establishments as a whole, real earnings have risen 29 percent in manufacturing and 27 percent in mining. In trade, in government, and in finance and service, on the other hand, real weekly earnings have actually declined by from 3 to 10 percent.

People dependent upon fixed incomes are invariably squeezed in a period of rising prices. The contraction in the value of their incomes far exceeds the squeezes that are the subject of much vociferous complaint. The victims of the cost of living squeeze are not organized into well-financed associations to assert their claims, but they are nevertheless an important fraction of our population. Over 3,300,000 of our citizens are employed by State and local governments as policemen, firemen, school teachers, etc. They and their families depend for a living upon virtually fixed salaries. Over 2,500,000 more are in the service of their National Government on the same basis. Recipients of public assistance, numbering 3,000,000, and 860,000 veterans who served their country honorably in past wars likewise depend in varying degrees upon fixed incomes which have already depreciated and will depreciate more if prices are permitted to rise further. The people of this country own 120,000,000 life insurance policies and over 14,000,000 savings bank deposits. Their work and morale are vital to the successful operation of the economy.

The front behind the battle front would suffer if we failed to carry out our obligations under the stabilization program. Moreover, the families of our fighting men are, in whole or in part, dependent on fixed allotments while their breadwinners are away. If for no other reason, for the sake of these men at the front, the welfare of their families must be protected. These people do not have great organizations to speak for them. They expect and demand protection from their Government. The fact that the incomes of so many consumers remain the same in money amount while the cost of living rises for all is the very characteristic of inflation that causes inequitable distribution and indiscriminate hardship. The rise of total consumer income is irrelevant.

Moreover, the fact that total consumer income has increased more than the value of consumers' goods is itself largely a reflection of inflationary forces, although it also reflects our success in controlling prices. Expenditures on consumers' goods have been held down because the physical quantity of consumers' goods has been curtailed and price rises have been restrained, while the increase in incomes reflects increasing production and employment on war goods, and inflationary increases in wage rates, profits, and farm prices.

The increase of consumer income in excess of the rise in the value of consumers' goods and services is a general characteristic of inflationary periods. If incomes did not rise faster there would be no upward pull upon prices—there would be no inflation. The disproportionate growth of consumer income is, in other words, a reflection of the very thing that causes the inflationary pressure. To raise prices on the theory that the high level of consumer income justifies an increase would inevitably result in further increases of profits, farm incomes, and wages, and therefore of consumer incomes. The increase of consumer incomes would, on this theory, justify still

further price increases. This in turn would force further increases in consumer incomes, and so on, indefinitely. Thus, if this argument were to be translated into practice it would result in continuously rising prices.

#### OBJECTION NO. 5. COSTLY SUBSIDIES—TINY SAVINGS

Another related fallacy is involved in the objection that the saving to the public from the avoidance of particular price increases would be only a few dollars per person and that the prevention of this increase in prices through a subsidy program is not worth the effort it involves. This argument has all the characteristics that appear in arguments against price control. Not only is it wrong as to the facts, but it is designed to lull the public into forgetting that inflation must be fought every step of the way.

It is wrong as to the facts because it takes into account only the initial price increase that the subsidy avoids, while completely ignoring the forces that cause one price increase to give rise to others and thus to generate that spiral of inflation, the danger of which is generally recognized.

Second, the argument that any given price increase is insignificant is the siren song that all price-controlling authorities have to resist. No single price increase taken by itself will upset the economy, say applicants for a higher price. It is true that a particular price increase is insignificant, but the enormous sum total of consumers' goods itself consists of a large number of just such separately "small" components and it is precisely with the multitude of such individually minor pressures that the price-controlling authorities must cope. Such small increases, each one directly affecting only a tiny fraction of the total volume of goods, are, when taken together, just the stuff of which inflation is made.

Furthermore, again the point comes to the fore, these "small" increases are not small to those at the lowest levels of income, whose need for protection against the burden of inflation is greatest. The use of an average figure to indicate what a price increase would mean to consumers disregards completely the fact that sums which are relatively small to people in the middle and higher income brackets are substantial to those less fortunately situated.

#### OBJECTION NO. 6. IF SUBSIDIES ARE USED NOW, WON'T PRICES FALL WHEN THEY ARE WITHDRAWN AFTER THE WAR?

The answer to this question is a flat "No." Subsidies are proposed as a part of the price-control program. They will be withdrawn only when the danger of inflation has disappeared, a time when retail price ceilings can also be removed. Thus there will be no squeeze when the subsidy is withdrawn.

Not only is there no reason whatever to suppose that the withdrawal of subsidies will cause a decline in prices to producers, but there is good reason to suppose that a subsidy program makes a decline far less likely to occur. If we permit an inflation to develop, a sharp post-war fall in agricultural prices is virtually inevitable. Since the price-stabilization program cannot work without the subsidy program, a sharp rise and a sharp fall of prices is far more likely to occur without such a program than with one.

Moreover, when the war ends producers will not have to work under forced draft, as at present. Cultivation will not have to be so intensive and costs will be lower, so that even if prices to producers do decline somewhat, producers' net incomes need not fall. So far as any drastic fall is concerned, the Government has already guaranteed to support prices of a substantial list of major agricultural commodities at 90 percent of parity for 2 years after the war.

#### OBJECTION NO. 7. SUBSIDIES ARE NO SUBSTITUTE FOR ENFORCEMENT

Beyond these objections, which fail to take into account the basic nature of inflation, are certain other points which are valid and which require consideration. The first is that there is no use in preventing price ceilings from being raised if they are only disregarded and that under such circumstances it would be better, in fact, to permit the ceilings to rise so that the illegal margin between selling prices and actual prices is decreased and money taken out of the hands of violators of the law. This is not an argument against subsidies; it is an argument in favor of enforcement. The Government does not propose and never will propose the use of subsidies as a substitute for enforcement. On the contrary, it proposes to push enforcement harder than ever, and it is taking effective steps to do so.

The Office of Price Administration is simplifying its controls by replacing the diverse ceilings that existed under the General Maximum Price Regulation and other regulations by dollars-and-cents price ceilings, which are as uniform as customary trade practices and cost differentials permit. This program has gone far and it is being pushed further. It will permit consumers to know what price ceilings are and will make it possible for them to recognize violations where they exist. This program constitutes a major advance in the enforcement of price control. In addition, the Price Administrator has requested appropriations to permit the employment of 1,800 more enforcing agents. Finally, the subsidy program itself will contribute to the enforcement of price ceilings by enabling the Office of Price Administration to check up on conformity with its regulations simultaneously with the administration of the subsidy program.

#### OBJECTION NO. 8. SUBSIDIES ARE SUBJECT TO ABUSE

It is also argued that a subsidy program is subject to abuse. That possibility does exist. It exists with any Government program and it must be guarded against. The Government recognizes that a subsidy policy must be hedged about with safeguards. A great deal of thought has been given to this problem, and standards have been developed for the application of this policy.

The existence of this problem, however, should not inhibit us from taking necessary action. Standards to protect the Public Treasury and to make certain that no vested interests grow up are no more necessary in connection with the subsidy program than they are in connection with many other programs which governments all over the world are not prosecuting. They have been developed in connection with procurement programs; they can and will be developed in connection with the subsidy program. The question is simply whether we will face the danger of one potential evil or whether, fearing it, we will subject ourselves to a certain and greater evil.

We do not refuse to fight the war merely because the procurement of munitions opens the door to abuse. On the contrary, we face that problem and surmount it in order to accomplish the greater purpose. We shall do the same in connection with the subsidy program. What is at stake in this program is the success of our fight against inflation, and at stake in that fight, in turn, is the successful prosecution of the war and of the peace.

#### Foreign experience

No other major belligerent has accepted either the alternative of rising prices or that of strangled production. All have insured full production within the framework of stable prices. They have done this by

using subsidies to insulate the cost of living from rising production costs. It is the wise and effective use of subsidies that has enabled both the British and the Canadians to reconcile the imperative of economic stability with the imperative of war production.

The miraculous production achievements of the British are widely known. It is not so well known that for over 2 years the cost of living in Britain has been held to virtually absolute stability and the cost of foods has even been reduced. Evidence of the effectiveness of British stabilization is found in the fact that, whereas between the outbreak of war and May 1941, the cost of living rose 29 percent, between the later month and April 1943, it actually fell 1 percent. During this period, moreover, the retail price of foods in Britain, which had risen 25 percent above pre-war levels, was reduced 3.7 percent.

Similarly in Canada: Cost of living stabilization was made national policy in December 1941, and subsidies were used from the outset in effectuating that policy. The cost of living had risen 15 percent at that time. In the year and a half that followed, down to May 1943, the net increase in the cost of living was only 2 percent. Several successive roll-backs, made possible by subsidies, accomplished this, and in June 1943 a new roll-back was scheduled to reduce or eliminate even this slight rise.

The relation between the effectiveness of the British and the Canadian stabilization and the use of subsidies is indicated by the extent to which prices entering the cost of living index are subject to subsidy. In Britain 92 percent of the food component of the cost of living index is affected by subsidy. This means that 55 percent of the total cost of living index is effected by food subsidies alone. In Canada, 68 percent of all foods and 21 percent of the cost of living are subject to subsidy.

In both countries, the stabilization of the cost of living has been closely linked in policy with stabilization of wages. In Canada both wages and prices were brought under control simultaneously, whereas in Britain no such across-the-board policy has been found necessary. In both, however, wage rates have exhibited much greater stability since the cost of living has been stabilized. Under the Canadian scheme of control, wage rates are formally linked to the cost-of-living index and a cost-of-living bonus is payable to offset increases in the official index. A similar result is obtained in Britain due to the fact that one-third of the wage contracts there formally incorporate cost-of-living adjustment provisions, while wage bargaining as a whole reflects the same basic consideration.

The experience of Great Britain and Canada is a striking demonstration of the effectiveness of subsidies as part of an integrated system of price control. Subsidies work—they enable a country to hew to the line on a tough stabilization policy and at the same time to get production to the limit of its capacity.

#### The present crisis

The same circumstances that forced other belligerents to use this instrument now face us. The urgency of the immediate use of subsidies cannot be too greatly stressed. We cannot stand still. Unless the cost of living is rolled back to September levels, it must rise. There is no possibility of stabilizing it at its present levels because, unless it is rolled back, it must force the abandonment of the present wage-stabilization formula. The upward adjustment of wages will be a signal for enactment of the Bankhead and Pace bills, which will boost



farm prices substantially. Prices generally, under these twin pressures, will shoot upward and the cost of living will rise well above its present level. The consequences that would follow hardly need elaboration. We would be caught up once more in the inflationary spiral and under pressures which would push us along at a catastrophic pace. That we must avoid by prompt action, action which will make up for the ground lost since last September, action which will include the full appropriate use of subsidies. Only in this way can we emerge successfully from the present crisis and insure that it shall be the last on the economic front.

**Mr. MALONEY.** Mr. President, following the statement already placed in the RECORD, in an attempt to make the record complete I ask unanimous consent to have printed in the RECORD a press release issued by the Secretary of Commerce on May 25, 1943, which shows to what extent subsidies are now being used.

There being no objection, the press release was ordered to be printed in the RECORD, as follows:

STATEMENT OF JESSE H. JONES, SECRETARY OF COMMERCE, BEFORE THE SUBCOMMITTEE ON FOOD OF THE SENATE COMMITTEE ON AGRICULTURE AND FORESTRY, TUESDAY, MAY 25, 1943

The President on May 2 stated that Government will continue to take all necessary measures to eliminate all unjustified and avoidable price increases. He further stated that measures will be taken to roll back the price of meats.

In carrying out this policy, the Price Administrator announced that he would reduce not only the price of meats, but the price of butter and coffee approximately 10 percent to the consumer.

The only way to accomplish this without forcing a reduction in prices to the hog, cattle, and sheep raisers, and the dairy industry, was through subsidy payments to the processors.

The Reconstruction Finance Corporation has authority under section 2 (e) of the Price Control Act to buy and sell or to subsidize those materials that are designated by the President as critical and strategic. The materials that are to be subsidized under the immediate program have been so designated.

The Price Administrator has requested the subsidy payments. The Director of the Office of Economic Stabilization has issued a directive to the Reconstruction Finance Corporation to make the payments, and the President has approved the directive to the extent of \$450,000,000.

Subsidies in one form or another have been a matter of administration policy since 1940, first in the defense program and later in the war effort.

Due to submarine warfare we are paying excess transportation charges and, in some instances, excess cost on petroleum products.

We are paying excess transportation costs on coal to New York and New England.

We paid transportation costs in distributing sugar throughout the country up to December 16, 1942. This included sugar from Cuba and moving beet sugar from the West to the New England area. Since then, Commodity Credit Corporation has handled sugar.

We pay abnormal transportation costs and losses on the purchase of nitrates and fibers from Latin America, and on various metals, minerals, and rubber from Latin America and elsewhere abroad.

In addition to the foregoing, we are paying premiums on excess domestic production of copper, lead, and zinc.

We are causing the production of various and sundry metals in this country through

buying them at a high price and selling them at ceiling prices.

In addition to copper, lead, and zinc, these include arsenic, beryllium, cadmium, chrome, cobalt, fluor spar, graphite, iron ore, kyanite, magnesium, manganese, mercury, mica, molybdenum, rutile, spodumene, talc, tantalum, tin, tungsten, and vanadium.

These materials come from one or more of the following States: Pennsylvania, Utah, Texas, Arkansas, Alaska, California, Idaho, North Carolina, Oregon, Washington, Montana, Vermont, Michigan, Arizona, Missouri, Alabama, New Jersey, Colorado, Georgia, Nevada, New Mexico, Oklahoma, South Dakota, Tennessee, Virginia, West Virginia, Wyoming, and New York.

We are buying and selling scrap metals and scrap rubber at substantial losses, as well as used tires.

We are buying binder twine in Mexico and selling it at a loss.

We are paying excess costs of production to a few wood pulp producers in New England to keep them from closing down.

All of these things are being done with the approval of the President, and at the request of war policy agencies such as the State Department, War Production Board and its predecessors, War Department, Navy Department, Petroleum Administration for War, Rubber Director, Board of Economic Warfare, Office of Price Administration, and now the Director of Economic Stabilization.

A meeting was held Saturday, May 22, 1943, attended by the Director of Economic Stabilization, representatives of Office of Price Administration and Commodity Credit Corporation, Food Administrator Chester Davis, and Reconstruction Finance Corporation officials, at which it was determined to consult with representatives of the industries involved, to determine the most practical methods of carrying out the subsidy order on meat, butter, and coffee.

Those meetings are scheduled for Thursday and Friday of this week.

**Mr. BUTLER.** Mr. President, will the Senator from Colorado yield?

**Mr. JOHNSON of Colorado.** I yield.

**Mr. BUTLER.** I wish to ask a question of the Senator from Connecticut, who has just spoken. I did not get the point of his remarks. Perhaps what he said has made it perfectly plain. Apparently the Senator inserted something in the RECORD dealing with the general subject of subsidies.

**Mr. MALONEY.** That is correct.

**Mr. BUTLER.** Is it the report which was proposed to be made to the Price Stabilizer, Mr. Justice Byrnes, by a board appointed about the time he took over the position of Price Stabilizer?

**Mr. MALONEY.** It is not. It is simply the argument of the O. P. A. in favor of subsidies.

**Mr. BUTLER.** I may say that, as perhaps the Senator from Connecticut knows, that a board of the kind to which I refer was appointed at the time Mr. Justice Byrnes assumed the position of Price Stabilizer. The Board was made up of a very prominent group of Government officials, and it is assumed that its report has been ready for some time. No one, however, has been able to get hold of the contents of the report. I think it would be highly beneficial if that report were made available to Senators at this time. When the subsidy plan is once unleashed it will be very hard to stop it. I think already in Government circles the subsidy idea has gained such prominence that it constitutes a real threat to a sound Federal fiscal policy.

I hope the Senator from Connecticut and other Senators on the majority side of the aisle will do what they can to bring to light the report which was made by the Special Survey Board for the benefit of Mr. Justice Byrnes when he took over the position of Price Stabilizer. It would be well to have that report placed in the RECORD along with the report which the Senator from Connecticut has just inserted in the RECORD.

**Mr. MALONEY.** Mr. President, I do not have a copy of the report to which the Senator from Nebraska refers. Has the Senator a copy of it?

**Mr. BUTLER.** I have tried to obtain a copy, but have not been able to do so. I thought perhaps the Senator from Connecticut might be able to obtain a copy.

**Mr. MALONEY.** I am sure that, if the able Senator from Nebraska has not been able to obtain one, I would have difficulty in doing so.

**Mr. JOHNSON of Colorado.** Mr. President, a few moments ago the Senate gave unanimous consent to acceptance by the Senator from Missouri [Mr. CLARK] of the amendment proposed to his amendment by the Senator from Georgia [Mr. GEORGE]. It was understood at the time that that amendment was not entirely satisfactory to some of the mining interests, and it was indicated that there would be no objection to a reconsideration of the Senate's action.

**Mr. BANKHEAD.** I wish it understood that in view of the statements made at the time that a motion to reconsider would be in order, I did not object.

**Mr. JOHNSON of Colorado.** The Senator from Oregon [Mr. McNARY] stated that there would be no objection on his part, and I took it for granted that all Senators who heard his statement concurred in what he said. Otherwise, I should have objected to inclusion of the George amendment in the Clark amendment.

I desire to offer a perfecting amendment to the George amendment, which meets objections the mining industry has to the George amendment. I send to the desk my perfecting amendment to the George amendment, and ask that it be stated. I ask that the clerk read the George amendment, which is very short, together with the insertions I have placed in it, and the language I propose to add at the end thereof. The matter will be in a more intelligible form then.

**The PRESIDING OFFICER.** The clerk will read as requested.

The legislative clerk read as follows:

*Provided further, That the Reconstruction Finance Corporation, through its subsidiary corporations, is authorized to borrow money and (a) to pay to shippers of commodities and others the increased cost of transportation resulting from the war emergency and (b) to pay subsidies relating to, or purchase for the purpose of selling at a loss, strategic and critical materials necessary to the manufacture of equipment and munitions of war for the United States Government or any of the United Nations, and to subsidize the high-cost production of minerals to increase the production thereof: *Provided further, That in any case in which a com-**

modity is domestically produced, the powers granted to the Reconstruction Finance Corporation by the foregoing proviso shall be exercised with respect to the importations of such commodity only to the extent that, in the judgment of the Reconstruction Finance Corporation, the domestic production of the commodity is not sufficient to satisfy the demand therefor.

Mr. JOHNSON of Colorado. Mr. President, I now ask unanimous consent that the George amendment which has already been accepted to the Clark amendment, be perfected in accordance with the language read at the desk.

The PRESIDING OFFICER. Is there objection?

Mr. BANKHEAD. Mr. President, reserving the right to object, I wish to say that I think this is an extremely important amendment, and that, except for a small group of Senators, no one has had an opportunity to examine it closely. The amendment may be a very worthy one. However, I think it should be examined carefully. So important an amendment should not be adopted simply after a reading of it at the desk. So I will ask the Senator from Colorado to let the amendment lie over for a little while until we shall have an opportunity to examine it.

Mr. WHEELER. Mr. President, it embodies a provision which is in the law.

Mr. JOHNSON of Colorado. It is already in the law.

Mr. BANKHEAD. What is the need of again placing that language in the law if it is already in the law? I am not opposed to what the Senator is trying to do, if I correctly understand his purpose. I would at all times support what he has in mind to do, but I think in a matter of this sort Senators other than those who have already had an opportunity to examine the amendment closely should be given an opportunity to examine it for themselves. If the language is already contained in the law I do not know why the Senator proposes to insert it again in the law, unless the language referred to has been repealed, and it is the Senator's desire to reinsert it. If the language is now in the law, I should like to examine the law itself to see its effect. I think that is a reasonable request, Mr. President.

Mr. GEORGE. Mr. President, so far as concerns the modification which the Senator from Colorado proposes to make in the amendment which I offered, which is literally in the language of the Senator's own amendment—

Mr. BANKHEAD. Yes; that is true.

Mr. GEORGE. It is purely technical. It does not change it at all. The effect is not at all changed. The addition at the end of the amendment is of a provision which now is contained in subsection (e) of section 2 of the Price Control Act which the Clark amendment would repeal. The Senator from Colorado is merely seeking to restore that part of it.

Mr. BANKHEAD. Has the Senator from Ohio examined the amendment?

Mr. TAFT. Mr. President, I do not think I have read all of it. I have seen one part of it.

Mr. JOHNSON of Colorado. Mr. President, do I have the floor?

The PRESIDING OFFICER. The Senator from Colorado has the floor.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. TAFT. Let me ask what amendment the Senator is offering?

Mr. JOHNSON of Colorado. A perfecting amendment to the George amendment which was accepted by unanimous vote a few minutes ago with the understanding that it might be reconsidered and perfected.

Mr. TAFT. Mr. President, I make the point of order against the amendment, that it is an amendment in the third degree.

Mr. BANKHEAD. Mr. President, the Senator has requested unanimous consent to offer his amendment.

The PRESIDING OFFICER. The Senator from Colorado has requested unanimous consent to offer the amendment at this time.

Mr. JOHNSON of Colorado. Mr. President, let me say to the Senator from Ohio and the Senator from Alabama that the language in my amendment appears in an amendment which I submitted yesterday, and which lies on the table, and which was on the table at the time when the George amendment was agreed to. The provision covered by my amendment is in the present law. My amendment would merely reinstate it for fear that the amendment offered by the Senator from Missouri [Mr. CLARK] might repeal that particular provision of section 2 (e).

Mr. TAFT. Mr. President, let me raise a technical question relative to the amendment. The amendment would insert the words "through its subsidiary corporations", so that the language would read:

*Provided further, That the Reconstruction Finance Corporation, through its subsidiary corporations, is authorized to borrow money and pay (a) to shippers of commodities or others the increased costs of transportation resulting from the war emergency, and (b) to pay subsidies relating to, or purchase for the purpose of selling at a loss, strategic and critical materials necessary to the manufacture of equipment and munitions of war for the United States Government.*

The Reconstruction Finance Corporation never borrows money through a subsidiary corporation.

Mr. JOHNSON of Colorado. No; but it buys metals through the Metals Reserve Company; and Mr. Goodloe thought that language was necessary, and it was inserted.

Mr. TAFT. But the Metals Reserve Company does not borrow money.

Mr. JOHNSON of Colorado. No one contends that it borrows money or provides for the borrowing of any money.

Mr. TAFT. But the language reads:

*Provided further, That the Reconstruction Finance Corporation, through its subsidiary corporations, is authorized to borrow money and pay (a) to shippers of commodities—*

And so forth. In other words, the point I am attempting to make to the Senator is that the place at which he

proposes to have the language inserted is not the proper place.

Mr. JOHNSON of Colorado. I favor no particular point for the insertion of the language. If the Senator can find a better place in the amendment to insert the language, I shall be perfectly satisfied to have that done, and I am sure everyone else concerned will be.

Mr. AIKEN. Mr. President, will the Senator from Colorado yield for a question?

Mr. JOHNSON of Colorado. I yield.

Mr. AIKEN. I do not have the Reconstruction Finance Corporation Act before me; but I notice that the amendment provides that subsidies may be provided for—

Any commodity which has heretofore or may hereafter be defined as a strategic or critical material by the President pursuant to section 5d of the Reconstruction Finance Corporation Act, as amended—

Mr. JOHNSON of Colorado. What is the Senator reading, Mr. President?

Mr. AIKEN. The proposed amendment of the Senator from Colorado.

Mr. JOHNSON of Colorado. That is not the pending amendment at all. I merely offered the language as a perfecting amendment to the amendment of the Senator from Georgia. The part of my amendment which the Senator has just read is not being considered at the present time.

Mr. AIKEN. I thought the Senator from Colorado was discussing all the amendment, and I was going to ask him if there is any limitation on what the President may define as a strategic or critical material.

Mr. JOHNSON of Colorado. Strategic and critical materials are very well defined. The expression is commonly used, and I do not think any difficulty would arise along that line.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I am glad to yield.

Mr. HATCH. Is it the thought of the Senator from Colorado that the acceptance of his proposed perfecting amendment would only preserve the law as it now exists, and would make certain that it would not be changed or repealed?

Mr. JOHNSON of Colorado. That is exactly the point—merely to preserve the law as it is, and to escape any dangers which might possibly result from annulling or wiping out certain provisions of section 2 (e) of the present law for the protection of the mining industry.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. CLARK of Missouri. I should merely like to say that, of course, I have no right to accept a modification of my own amendment, by reason of the fact that the yeas and nays have been ordered by the Senate on my amendment. If I still had control of my amendment, and if it were possible for me to accept the modification suggested by the Senator from Colorado, I should be very glad, indeed, to do so.

I hope that statement satisfies Senators who are concerned about the matter



of strategic minerals—a subject with which there never was any intention whatever on my part to deal in my amendment.

Mr. JOHNSON of Colorado. Mr. President, the suggestion made by the Senator from Ohio [Mr. TAFT] to place some of the language in another part of the George amendment, if agreed to, I am certain would improve the amendment. I ask unanimous consent that the suggestion made by the Senator from Ohio, that the proposed language be inserted in line 3, after the word "and", rather than after the word "Corporation", be accepted as a part of my amendment.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Colorado for unanimous consent to incorporate in the amendment of the Senator from Missouri [Mr. CLARK], as modified, certain proposed language?

Mr. BUTLER. Mr. President, will the Senator yield for a question?

Mr. JOHNSON of Colorado. I yield.

Mr. BUTLER. Not being an attorney, I simply want to be rather certain that I understand what the Senator's object is. His proviso would continue the provisions of the present law with reference to strategic materials, I understand.

Mr. JOHNSON of Colorado. That is correct—strategic minerals.

Mr. BUTLER. That is the point. Does the amendment refer to strategic minerals, or does it refer to strategic materials, which might also include agricultural commodities? Personally, I should be glad to have it include the words "strategic materials."

Mr. TAFT. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I shall be glad to yield in a moment. First, let me say that the particular language I have proposed does not pertain at all to the point mentioned by the Senator from Nebraska. That point is covered by the original George amendment which has already been accepted by unanimous consent.

I yield now to the Senator from Ohio.

Mr. TAFT. Mr. President, I merely wanted to explain to the Senator from Nebraska that the language does cover strategic and critical materials necessary to the manufacture of equipment and munitions of war for the United States Government. It is true that strategic and critical materials would be defined by the President, as they have been defined in connection with the roll-back, to include foodstuffs; but only cases in which the foodstuffs were necessary for the manufacture of equipment and munitions of war would be covered. So, although some timber products or some other agricultural products might be covered by that language, it would not apply to any general subsidy of agricultural products.

Mr. BUTLER. However, the byproducts of the corn-milling industry—starch, for instance—are really essential to the manufacture of certain mechanical implements of war.

Mr. TAFT. If I may say a further word, the reason for permitting the extension is that if the material is to be used entirely by the United States Gov-

ernment it is clearly obvious that the Government would recover by means of the lower price of the goods any subsidy it might pay. So there would be no loss to the Government.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Colorado?

Mr. BANKHEAD. I make no objection.

The PRESIDING OFFICER. The Chair hears none; and, without objection, the language proposed by the Senator from Colorado is incorporated in the amendment of the Senator from Missouri, as modified.

Mr. JOHNSON of Colorado. Mr. President, before I take my seat, I send to the desk a letter and an enclosure received today by me from the Honorable Jesse Jones, and ask that they be read.

The PRESIDING OFFICER. Without objection, the letter and enclosure will be read.

The legislative clerk read as follows:

THE SECRETARY OF COMMERCE,

Washington, June 25, 1943.

HON. EDWIN C. JOHNSON,

United States Senate,

Washington, D. C.

DEAR SENATOR JOHNSON: I enclose copy of a statement I made before the subcommittee on food of the Senate Committee on Agriculture and Forestry, Tuesday, May 25.

Under authority of section 2 (e) of the Price Control Act, and by direction of the then Director of Economic Stabilization, Justice James F. Byrnes, and with the approval of the President, definite commitments to the extent of \$450,000,000 have been made for the payment of subsidies on meat, butter, and coffee.

Entirely aside from differences of opinion as to the advisability or the effectiveness of such subsidies, I feel that these commitments, already made under authority of section 2 (e) of the Price Control Act, should be carried out.

Further, by using the amount of money provided under the Bankhead-Taft amendment and within the limitations of that amendment, we can determine the value of subsidy payments to insure maximum production of certain essential foods without either reducing the price to the producer or permitting price increases to the consumer.

Sincerely yours,

JESSE H. JONES,

Secretary of Commerce.

The President on May 2 stated that Government will continue to take all necessary measures to eliminate all unjustified and avoidable price increases. He further stated that measures will be taken to roll back the price of meats.

In carrying out this policy, the Price Administrator announced that he would reduce not only the price of meats, but the price of butter and coffee approximately 10 percent to the consumer.

The only way to accomplish this without forcing a reduction in prices to the hog, cattle, and sheep raisers, and the dairy industry, was through subsidy payments to the processors.

The Reconstruction Finance Corporation has authority under section 2 (e) of the Price Control Act to buy and sell or to subsidize those materials that are designated by the President as critical and strategic. The materials that are to be subsidized under the immediate program have been so designated.

The Price Administrator has requested the subsidy payments. The Director of the Office of Economic Stabilization has issued a directive to the Reconstruction Finance

Corporation to make the payments, and the President has approved the directive to the extent of \$450,000,000.

Subsidies in one form or another have been a matter of administration policy since 1940, first in the Defense program and later in the war effort.

Due to submarine warfare we are paying excess transportation charges and, in some instances, excess cost on petroleum products.

We are paying excess transportation costs on coal to New York and New England.

We paid transportation costs in distributing sugar throughout the country up to December 16, 1942. This included sugar from Cuba and moving beet sugar from the West to the New England area. Since then, Commodity Credit Corporation has handled sugar.

We pay abnormal transportation costs and losses on the purchase of nitrates and fibers from Latin America, and on various metals, minerals, and rubber from Latin America and elsewhere abroad.

In addition to the foregoing, we are paying premiums on excess domestic production of copper, lead, and zinc.

We are causing the production of various and sundry metals in this country through buying them at a high price and selling them at ceiling prices.

In addition to copper, lead, and zinc, these include: arsenic, beryllium, cadmium, chrome, cobalt, fluor spar, graphite, iron ore, kyanite, magnesium, manganese, mercury, mica, molybdenum, rutile, spodumene, talc, tantalum, tin, tungsten, and vanadium.

These materials come from one or more of the following States: Pennsylvania, Utah, Texas, Arkansas, Alaska, California, Idaho, North Carolina, Oregon, Washington, Montana, Vermont, Michigan, Arizona, Missouri, Alabama, New Jersey, Colorado, Georgia, Nevada, New Mexico, Oklahoma, South Dakota, Tennessee, Virginia, West Virginia, Wyoming, and New York.

We are buying and selling scrap metals and scrap rubber at substantial losses, as well as used tires.

We are buying binder twine in Mexico and selling it at a loss.

We are paying excess costs of production to a few wood-pulp producers in New England to keep them from closing down.

All of these things are being done with the approval of the President, and at the request of war policy agencies, such as State Department, War Production Board and its predecessors, War Department, Navy Department, Petroleum Administrator for War, Rubber Director, Board of Economic Warfare, Office of Price Administration, and now the Director of Economic Stabilization.

A meeting was held Saturday, May 22, 1943, attended by the Director of Economic Stabilization, representatives of Office of Price Administration and Commodity Credit Corporation, Food Administrator Chester Davis, and Reconstruction Finance Corporation officials, at which it was determined to consult with representatives of the industries involved, to determine the most practical methods of carrying out the subsidy order on meat, butter, and coffee.

Those meetings are scheduled for Thursday and Friday of this week.

Mr. CLARK of Missouri. Mr. President, I received one of the circular letters from Secretary Jones. It was addressed to me at the Senate Office Building, but it was not sent to me at the Senate Office Building. It was not even folded. It was placed on my desk as a circular letter while I was temporarily absent from the Chamber. I happen to know that other Senators have received such letters. The Senator from Vermont

[Mr. AIKEN] received one. The Senator from Colorado [Mr. JOHNSON] has just disclosed that he received one.

Mr. President, I say that that is an exhibition of indecent lobbying by the Secretary of Commerce in behalf of an illegal practice in which he has indulged, in plain contravention of the law, and which he now desires to have legalized by the so-called Taft-Bankhead amendment. I say that the Secretary of Commerce sat out in the lobby yesterday afternoon, conferring with Senators as they passed by, to try to raise some doubt in the mind of someone—any doubt in the mind of anyone—as to the wisdom of the course which the Senate was about to pursue in outlawing these subsidy practices.

Mr. President, I say that I think this is an indecent practice. I think it is a practice forbidden by law. In all truth and candor, I think it is a practice for which Secretary Jones could be fairly impeached by the House of Representatives; and if he were impeached I would vote to convict him, in view of the plain facts about his trying to proselyte Members of the Senate in behalf of a certain amendment now pending before this body.

Mr. Jones' statement that there have been definite commitments by the Government to the extent of \$450,000,000 is not true. I say further that Secretary Jones knew that it was not true when he wrote this circular letter. The only commitment whatever which has been made has been in the form of a newspaper release by Mr. Jones and by Mr. Prentiss Brown, stating that they intended to do a certain thing about subsidies. They do not now seriously contend that they had any legal authority to commit the Government. In the debate in this Chamber I think it has been generally acknowledged that they had no such authority.

This letter has been placed on the desks of certain Senators. I do not know how many. I know of three Senators on whose desks it has been placed. What Mr. Jones is now trying to do is to convey the impression to Senators that under some sort of authority of law he has made commitments which would be sensibly diminished in amount by the so-called Taft-Bankhead amendment. That is not true. Mr. Jones has simply taken the figures of the coffee, meat, and butter industries, and on the basis of a newspaper release which he had no right to give out in the first place, and which he knew was a violation of law when he did it, is trying to make it appear, in order to defeat a limitation on his own authority, that he has already committed the Government, in violation of the law, to the extent of \$450,000,000.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. CONNALLY. The Senator from Missouri makes some pretty vigorous charges against Mr. Jones.

Mr. CLARK of Missouri. Yes; I make some very vigorous charges against him. I intended to make vigorous charges against him. I say that this is an inde-

cent attempt at lobbying on a question now before the Senate; and Mr. Jones knew it when he did it.

Mr. CONNALLY. When I asked the question, I did not intend to call for reinforcement or strengthening of what the Senator had already said.

Mr. CLARK of Missouri. The longer the Senator continues, the stronger my statements will probably become.

Mr. CONNALLY. The Senator says that Mr. Jones had no authority to do it. I do not know, but my understanding has been that he did it as the result of a directive from higher authority. I do not know what a "directive" is.

Mr. CLARK of Missouri. I do not understand that Jesse ever claimed that he had the legal authority to do it. I understand that what Jesse said was that he did it because Jimmie Byrnes told him to do it; but in the circular letter which was placed on my desk while I was temporarily absent from the Chamber, Jesse claims that by direction of Jimmie Byrnes, and with the approval of the President, he has made definite commitments to the extent of \$450,000,000. Where did Jesse get the authority, either by the direction of Jimmie Byrnes, or with the approval of the President, to make any such commitment of \$450,000,000? I say that this is an indecent piece of lobbying, and that Jesse Jones is able enough, and a fine enough man, so that he ought to be ashamed of himself for what he has been doing.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. AIKEN. If it was the purpose of Mr. Jones—

Mr. CLARK of Missouri. The Senator received one of these letters, did he not?

Mr. AIKEN. I received one. It was not folded when I received it.

Mr. CLARK of Missouri. Mine is not folded yet.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. CONNALLY. What is the sanctity about folding a letter? Is the basis of the grave charge against Mr. Jones that he did not fold the letter?

Mr. CLARK of Missouri. Mr. President, if I still have the floor, I shall be glad to answer the Senator.

Mr. CONNALLY. Mr. President—

Mr. CLARK of Missouri. I am glad to yield to the Senator from Texas.

Mr. CONNALLY. As I understand, the letter was signed, but it was not folded. Of course, if that is the basis of the grave charge against Mr. Jones, I will have to take my seat, because I understand it was not folded.

Mr. CLARK of Missouri. Mr. President, if I did not know my distinguished friend from Texas so well, and if I were not so certain that he is fully cognizant of all the proprieties in the matter, I might take the trouble to explain; but the Senator from Texas knows very well indeed that when a letter is addressed to a Senator at the Senate Office Building, and some one sneaks into the Sen-

ate Chamber during his absence and places it and similar letters on the desk of various Senators, that is intended as a lobbying, propagandizing proposition, and not as a bona fide letter addressed to individual Senators. I am certain that the Senator from Texas will agree with that very simple statement.

Mr. CONNALLY. The Senator from Texas is not allergic to information, from whatever source he may receive it.

Mr. CLARK of Missouri. The Senator certainly ought to be allergic to misinformation, such as is contained in this letter, in the form of deliberate misstatements of facts. Mr. Jones must know that they are deliberate misstatements of fact.

Mr. AIKEN. Mr. President—

Mr. CLARK of Missouri. I yield to the Senator from Vermont.

Mr. AIKEN. If it was the intention of Mr. Jones to raise a doubt in the mind of any Member of the Senate, he has succeeded in my case. He has raised a question as to whether the letter which has been sent to some of us may not be intended as a loophole or escape for the Reconstruction Finance Corporation in the event of the adoption of the Clark amendment. The language of the proviso in the Clark amendment is as follows:

*Provided, That nothing in this act shall be construed to affect in any manner the rights or interests of any person who has acted in good faith in reliance upon any regulation or order issued prior to the date of enactment of this act with respect to such subsidy payments under the authority of such section 2 (e), and to the extent necessary to protect the rights or interests of any such person in connection with transactions heretofore made or entered into such subsidy payments may be made.*

It seems to me, Mr. President, that the Director of the Reconstruction Finance Corporation may be trying to convey to us the impression that the \$400,000,000 has been promised by agreement with American farmers, so that he will not be affected by that part of the Senator's amendment.

Mr. CLARK of Missouri. Mr. President, I understand the feeling of the Senator from Vermont with respect to the effort of Director Jones—and I speak of him now as Director Jones, of the R. F. C., rather than as Secretary of Commerce—to prejudice the situation in the Senate by a false allegation as to his commitments.

If I had received this letter from Mr. Jones before I offered my amendment, or while I still had control of it, I would have omitted the proviso. In other words, I would not give Jesse Jones any claim of authority to continue to violate the law, as he is admittedly violating the law now. I invite the attention of the Senator to the fact that the proviso reads:

*That nothing in this act shall be construed to affect in any manner the rights or interests of any person who has acted in good faith—*

*When?—*

*in reliance upon any regulation or order issued prior to the date of enactment of this act with respect to such subsidy payments.*



Mr. President, it is not contended on the part of "noble Jesse" or even "dear Prentiss" that they issued any order or regulation.

Mr. AIKEN. The butter regulation was issued.

Mr. CLARK of Missouri. What they issued was a newspaper release.

Mr. AIKEN. No; there was a regulation issued and signed on the 7th of June 1943, by the Defense Supplies Corporation, by George A. Hill, Jr., executive vice president.

Mr. CLARK of Missouri. I was not advised of that, I will say frankly.

Mr. AIKEN. I indicated a while ago that I would probably support the Clark amendment. However, if the Clark amendment would in any way freeze the roll-back and subsidy program, I would not feel that I could vote for it.

Mr. CLARK of Missouri. I will say to the Senator that if I believed that this amendment authorized the roll-back subsidy proposal, I myself would not vote for the amendment. I am frank to say that, in view of Mr. Jones' letter, if I still had control of my amendment, I would strike out the proviso. Since the yeas and nays have been ordered upon my amendment, I would not be at liberty to accept an amendment to it, but if I were at liberty to do so I would vote for an amendment to strike out the proviso.

Mr. AIKEN. I have in my hand the regulation issued with regard to the roll-back in the price of butter. It is dated the 7th of June 1943. I have no doubt that similar regulations have been issued with relation to livestock and its products, and dated prior to the 15th of June. I imagine such regulations have been issued, although they have not yet come to the notice of the public or of the growers. Therefore, I certainly do not want to have any avenue of escape to freeze in bad subsidies any more than I should want to freeze out good subsidies.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. WHEELER. As I understand the Senator, the meaning of the proviso is simply that payments may be made to anyone who has already suffered—

Mr. CLARK of Missouri. Who has dealt in good faith; in other words, who has changed his position in reliance upon representations made to him by the Government. In the letter to which reference has been made, Mr. Jones has merely taken the gross figures as to those industries, and has tried to use them as a form of propaganda in favor of the so-called Taft-Bankhead amendment. As I have said, I consider it to be an entirely indecent form of lobbying.

Mr. WHEELER. As I understand the amendment of the Senator from Missouri, it would not authorize payments in the future to anyone for roll-backs, but if roll-backs were authorized prior to the time the measure is passed, then the payments might be made.

Mr. CLARK of Missouri. The Senator is entirely correct. The only purpose of the proviso in my amendment is to prevent any suggestion being made that we were changing the legal position of

anyone who had dealt in good faith with the Government. That is all we are trying to do.

Mr. WHEELER. The only thing that bothered me was that in view of the statement of Mr. Jesse Jones it seemed to me he might try to contend that because of a rule or regulation the officials had a right to continue the roll-back. But that is not the intention or purpose behind the Senator's amendment?

Mr. CLARK of Missouri. I agree with the Senator that in view of Mr. Jones' letter he would probably try to contend anything. However, it certainly is not the purpose of my amendment to legalize anything which was hitherto illegal, but merely to save the legal rights of anyone who in good faith had been dealing with the Government.

Mr. WHEELER. And put a stop to the roll-back.

Mr. CLARK of Missouri. And put a stop to illegal practices.

Mr. WHEELER. And to the roll-back. I agree with the Senator that under section 2 (e) no right exists to pay any processor a roll-back. In their wildest imagination I do not know how any officials could construe that section to mean what they have contended it does mean.

Mr. CLARK of Missouri. I agree entirely.

Mr. WHEELER. I do not believe that any lawyer who had given it careful study and consideration would say that the act could be used as an authorization to give a roll-back and a subsidy to the packers of the country, or to any other processor.

Mr. CLARK of Missouri. I agree entirely.

Mr. HILL. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. HILL. Mr. President, the distinguished Senator from Missouri of course has a right to his own opinion with reference to the action of Mr. Jesse Jones, but I wish to take strong exception to his use of the term "indecent lobbying." I sharply disagree with the opinion of the Senator from Missouri. I not only believe that Mr. Jones, as head of the R. F. C., was well within his rights in communicating with any Senator or Senators, but I think that if he had information which he thought the Members of the Senate should have which would perhaps throw light on the subject now before the Senate, and had not sent the information to the Senate, he would have failed in his obligations and would have been derelict in his duty.

If there is any man at the other end of the avenue who has tried at all times to cooperate with and be sympathetic toward Congress and to understand the problems facing Congress, as well as the problems facing the individual Members of Congress, and who has always tried to work with Congress, it is Jesse Jones. He frequently comes to the Senate. He comes to the Capitol, and appears before committees of Congress more than any other Cabinet member. I really believe that he comes here more than do all the other Cabinet members combined. Why? Because of his desire at all times to work with Congress, and to furnish

it with any information which he may have which may be helpful to Congress, and in order that he may at all times know the will and the intent of Congress, and try insofar as he can to carry out the will and the intent of Congress.

Mr. MURDOCK. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. MURDOCK. I agree with everything which the Senator has said with reference to the Secretary of Commerce. Certainly, in my opinion, any Cabinet member, as the Senator has stated, who has information pertaining to a legislative question pending here, should furnish it to the Senate. The only criticism I have—and I am not sure that I am justified in it without checking with my office—is that I did not receive such a letter. I have talked to two or three other Senators who have said they did not receive such a letter.

Mr. WAGNER. I did not either.

Mr. HILL. I will say to the Senator that I, myself, did not receive one. Perhaps it would have been better if Mr. Jones had sent one to all Senators. But be that as it may, he certainly should not be criticized because he sent to some Senator information which he thought the Senate should have. On the other hand, I think he should be commended for sending the letter which he sent.

Mr. MURDOCK. If a Cabinet officer has any information to which the Senate is entitled, then certainly every Senator is entitled to the same information. If a Cabinet officer is furnishing information, I think it should have general distribution throughout the entire membership of the Senate, and not be furnished merely to two or three or a half a dozen Members of the Senate.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. JOHNSON of Colorado. Mr. President, I put in the RECORD the letter to which reference has been made. I had the clerk read the letter, and I will state how I happened to receive it. Yesterday I called up Mr. Jesse Jones, former Senator Charles Henderson, and Mr. Goodloe, and asked them some questions with reference to the Clark amendment. I asked them to make a study of it and determine to what extent, if any, it would affect the payment of subsidies for strategic minerals. At my request they made a study of the amendment, and also at my request they assisted me in working out something which I hoped would be satisfactory to, and a protection of, the mining industry in the West. So the letter which was read by the clerk at my request came to me pursuant to the request which I have explained.

Mr. HILL. The Senator certainly took no exception to the manner in which the letter came.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield at that point?

Mr. HILL. I yield.

Mr. JOHNSON of Colorado. The Senator from Missouri [Mr. CLARK] said he did not request a letter, and I presume the reason he got a letter was because Mr. Jesse Jones wrote to me at my request and thought that as a matter of

courtesy he should send a letter to some of the other Senators who were concerned with this particular amendment.

Mr. CLARK of Missouri. Oh, well, Mr. President, if the Senator from Alabama will yield; I do not wish to interrupt his thought—

Mr. HILL. I yield.

Mr. CLARK of Missouri. Everybody saw Jesse Jones sitting there on the couch yesterday afternoon, all afternoon, actively buttonholing Senators as they came along and raising various kinds of objections to the policy proposed in the Senate at that time of repudiating the roll-back. There is no secret about that. Jesse is a large man; anybody can see him with the naked eye; it is not necessary to put on glasses to recognize him as you pass by. So, as I saw him out there buttonholing Senators, whispering in their ears, I knew exactly what Jesse was doing. I have seen Jesse operating frequently upon his side of various controversial propositions; but I saw him yesterday when he came here, and I know what he was doing when he sent this letter.

Mr. HILL. I am delighted at one thing, and that is that the Senator from Missouri says that Mr. Jesse Jones is a large man. I think Mr. Jones is a large man in many ways, and I hope that is what the Senator had in mind when he used the adjective "large." Mr. Jones was here yesterday and had lunch in Colonel Halsey's office. There was a luncheon there to which Mr. Jones and other gentlemen were invited. Most of those who were there had nothing whatever to do with this bill, so far as I know; had no interest in the bill and certainly there was nothing said about the bill.

Mr. Jones, as I have said, often comes to the Senate, no doubt to talk to Members of the Senate, as he has a right to do. He had a right to come here; he has a right to come on the floor of the Senate if he wants to do so; he has a right to go to the offices of Members of the Senate and talk to them there. Instead of condemning Jesse Jones for talking to Members, and for giving them what information he may have, and giving them his viewpoint, I want to say that I wish there were more men in the Government with the spirit and with the purpose of Jesse Jones who would come to the Congress more often and make themselves, their views, and their information available to the Congress, and that they would sit down and counsel and consult with Members of Congress, as Jesse Jones has done ever since he has been in the Government.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield there?

Mr. HILL. I yield.

Mr. JOHNSON of Colorado. I want to say that I am supporting the Clark amendment, that Mr. Jesse Jones knows that I am, and that he furnished me the information that I asked him to furnish, knowing that I was supporting the Clark amendment and knowing that he could not influence me in any way about it. He tried to give me some information, but I am still supporting the Clark

amendment. I was interested in seeing the Clark amendment fully protect the mining industry.

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. HILL. I yield.

Mr. McFARLAND. I wish to say to the Senator that I agree with what he has had to say in regard to Jesse Jones, even though I did not receive one of the letters and did not get in on the lunch.

Mr. HILL. I appreciate the Senator joining in.

Mr. President, in these times we hear much said about bureaus and bureaucrats, and the basis of the complaint against them is largely that the bureaucrats, the heads of departments and agencies at the other end of the Avenue, do not show proper consideration to Congress; that they do not advise and consult with the Congress; that they have too great a disposition to put their own constructions on legislation enacted by the Congress rather than the constructions and interpretations of the Congress itself.

I wish to repeat what I said in the beginning, that I sharply disagree with and I challenge the statement of the Senator from Missouri about Jesse Jones' "indecent lobbying." I think he ought to be commended for his attitude toward Congress, for his cooperation, and for the way at all times he seeks to give Congress full information, to carry out the will and intent of the Congress, and to work in full accord and in mutual helpfulness with the Congress.

Mr. O'DANIEL. Mr. President, I think perhaps the letter which Mr. Jesse Jones has sent to Senators is very timely because, as it seems to me, it has caused discussion and debate which may throw some light on the true meaning of the provision in the amendment offered by the Senator from Missouri about which I spoke earlier today. That provision, which is on page 2, reads as follows:

*Provided, That nothing in this act shall be construed to affect in any manner the rights or interests of any person who has acted in good faith in reliance upon any regulation or order issued prior to the date of enactment of this act with respect to such subsidy payments under the authority of such section 2 (e), and to the extent necessary to protect the rights or interests of any such person in connection with transactions heretofore made or entered into such subsidy payments may be made.*

The author of the amendment, the Senator from Missouri, has explained that that provision is intended to protect the individuals and corporations who have acted in good faith and are entitled to some subsidy payments under the directives or orders issued by the executive department. There is a question in the minds of some Senators as to whether or not the present law permits subsidy payments to be made, but it appears to me—and I think the author of the amendment recognizes the fact—that this provision will legalize or authorize the payment of roll-back subsidies whether they are legal under existing law or not, provided those who claim subsidy payments acted in good faith.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. O'DANIEL. I am glad to yield to the Senator from Missouri.

Mr. CLARK of Missouri. I think the Senator has erroneously stated the effect of the proviso in the amendment. The proviso does not authorize any payments for anything. It simply provides that nothing in the act shall be construed to affect in any way any claim anyone might have. In other words, the amendment does not give anybody a right of action against the Government; it does not assure anybody of any authority to collect against the Government; it merely does not take away any right anyone might be able to assert in court.

Mr. O'DANIEL. I thank the Senator for that contribution, but, at the same time, there are some people who believe that the promises of subsidy payments which have been made to meat packers and creameries were not authorized by law. Therefore, I think it is well that we understand whether or not this provision does legalize such promises or authorize such payments.

The statement was made by the junior Senator from Nebraska that some of the meat packers, at least, had notified him that they do not consider that any promises or authorizations have been made.

Mr. Jones now comes along with his letter, and clarifies the atmosphere by admitting and stating that the commitments have been made for this roll-back subsidy to the extent of \$450,000,000. If the Secretary of Commerce makes an admission that those commitments have been made, I do not believe we will have much difficulty in finding firms, corporations, and individuals engaged in business who will readily admit that they are entitled to those subsidies, and that under the provisions of the law they have entered into contracts with Mr. Jones, or the O. P. A., or the R. F. C., or some other Federal agency, which entitle them to the payment of these subsidies. Therefore there is reason for some folks to believe that even if the present laws do not authorize such subsidies this provision might validate commitments Mr. Jones says have already been made.

I merely wanted to point this out because we are getting ready to vote on this very important question, and some of the Members of the Senate do not want to go on record as approving subsidies in the form of roll-backs to the processors to reduce the retail prices of butter, meat, and coffee. But in voting for the Clark amendment, as modified, they may be voting for that kind of subsidies to the extent commitments have already been made, but not to the extent of commitments which may be made hereafter.

Mr. President, it appears to me that we are discussing a subject which is very strange indeed. The whole matter of subsidies on these roll-backs is very strange.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. HILL. I am glad to yield.

Mr. WHEELER. I do not think there can be any question about the intention



of the author of the amendment, since his explanation. I doubt that we should question it, because then it may be said that there is a question in the minds of some Senators. I think we should take the position that, in adopting this proviso, Congress is not affording any justification, under the language adopted, for those interested so as to construe it as meaning that they can continue these roll-backs, and the payment of subsidies on food products for that purpose. I think we should take that stand, and there should be no question about the question of the subsidy.

Mr. O'DANIEL. I think the Senator's statement is absolutely correct, that the Clark amendment would prohibit the continuation of any commitments for subsidies on this rollback. But is it the opinion of the Senator from Montana that the provision which I have just read will permit the payment of subsidies on rollbacks which may be claimed or may have already been made, or as to which there have been commitments, according to the letter of Mr. Jones?

Mr. WHEELER. I think that where the administration has already made a rollback, and people have suffered as a result of it, to the extent one has suffered as a result of the rollback and has taken a loss, in good conscience we should pay the subsidy to such person for this interim period, but to that extent only.

Mr. O'DANIEL. The Senator would presume that this provision would authorize the payment of those subsidies which have been promised in good faith on the rollback program, to the extent of \$450,000,000?

Mr. WHEELER. Not at all.

Mr. O'DANIEL. As specified by Mr. Jones, providing good faith contracts can be produced?

Mr. WHEELER. No, because that much money has not been paid. Mr. Jones simply states in the letter, as I understand, that he has made commitments to pay that amount in the future, that he has not paid it, but that he has made commitments to pay it in the future, providing the rollback takes effect. That is my understanding of the letter.

Mr. O'DANIEL. The Senator would presume this would authorize the payment of everything for which he has made commitments?

Mr. WHEELER. Not at all. The amendment would only permit the payment of a subsidy where the rollback had already been made, and only up to the date when the bill shall be enacted.

Mr. AIKEN. Mr. President, as I understand, the Clark amendment provides that the subsidy shall be paid for the period of time for which the agreement has been made.

Mr. WHEELER. I do not so understand.

Mr. AIKEN. The amendment which the Senator from Iowa [Mr. GILLETTE] and I offered requires that the roll-backs must cease whenever the bill is passed.

Mr. WHEELER. I do not so understand the situation, and I asked a specific question along that line of the author of the amendment just a few moments

ago, and he said his intention was as I have stated it, that that is all he intends.

When the farm bill was before us, and some Senators questioned it, because of its uncertainty, it was felt that their opinion was probably correct, and the suggestions made by the opponents of the bill were followed, because of the controversy on the floor of the Senate.

Mr. AIKEN. I think the language is quite plain, that any commitments which have been signed prior to the date of the enactment of the pending measure must be carried out, regardless of how long they are to run.

Mr. WHEELER. I do not so read the language.

Mr. O'DANIEL. The latter part of the provision, beginning in line 8, page 2, reads as follows:

And to the extent necessary to protect the rights or interest of any such person in connection with transactions heretofore made.

Mr. WHEELER. Very well, "heretofore made".

Mr. O'DANIEL. It continues "or entered into such subsidy payments may be made."

The Secretary of Commerce claims the commitments heretofore made amount to \$450,000,000.

Mr. WHEELER. He has made commitments to that amount.

Mr. O'DANIEL. It is a transaction, in my opinion, if he has made a commitment.

Mr. WHEELER. He has made a commitment to pay them in the event the roll-backs are put into effect. If we stop the roll-backs, certainly he cannot go on paying the money.

Mr. AIKEN. The question in my mind is whether this language in the Clark amendment does not authorize the roll-back, if it has already been committed for.

Mr. WHEELER. If there is to be question about it, we should eliminate it entirely. What I was trying to do was to get the Members of the Senate, instead of quibbling over it, to say that in our opinion this means only that they could pay money where a person had actually made a roll-back, and only from the time he made the roll-back order, or commitment, up to the time of the passage of the bill. If that were the sentiment of the Senate, that would have to be followed, and the courts would follow the views and opinions of the Senate. But if there is disagreement as to the meaning among Senators, expressed on the floor, it is left open so that anyone can say, "Well, there was a disagreement as to the meaning of it, and we will adopt this meaning, because there was this disagreement."

Mr. O'DANIEL. There seems to be much disagreement as to the exact meaning of the proposed Clark amendment. My understanding, after listening to all the arguments, is that if this provision authorizes and legalizes the payment of subsidies on the roll-back program to any extent whatever, it would authorize those payments to the extent of the commitments which Mr. Jones claims have already been made,

that is, \$450,000,000. I may be wrong, but that is my understanding of the authorization provided in the provision on page 2, beginning in line 2. Possibly Mr. Jones sent the letter in order to make it definite that there are outstanding commitments to that amount, and that this authorizes payments to the extent of \$450,000,000.

Mr. TAFT. Mr. President, I do not think the Senator's fear is justified, because it seems to me the amendment affects only the rights and interest of a person who has acted in good faith and in reliance upon the regulations. No one can be so acting in good faith and in reliance, except as to the things he has done before the passage of the bill. I do not see how it could extend beyond a month's obligations. I do not think the Senator's fear is justified that it would authorize the payment of the whole \$450,000,000.

Mr. O'DANIEL. There is no doubt in my mind that the commitment made by Jesse Jones was made in good faith, and that he considers it to be a just and honest commitment.

Mr. TAFT. But no person has been able to act in any way upon it so as to give him any claim to a whole year's subsidy. He may be entitled to a subsidy for the moment, for a few weeks or so.

Mr. O'DANIEL. I should say that if any firms or individuals are honestly able to make the statement that in good faith they had carried out transactions based on commitments made by Mr. Jones, and they are able to show combined losses to the extent of \$450,000,000, this provision would authorize the payment of \$450,000,000 to them, because good faith would be shown on the part of both parties to the contract.

Mr. SMITH. Mr. President, will the Senator yield?

Mr. O'DANIEL. I yield.

Mr. SMITH. I believe the suggestion made by the Senator from Ohio would furnish the solution to the question the Senator from Texas is discussing, that with respect to commitments entered into in good faith claims may be presented to the Claims Committee, which could investigate the claims and report on them. Let us cut out any such provision from the measure now.

Mr. O'DANIEL. Mr. President, I think the statement made by the Senator from South Carolina is a correct one. If any commitments have been made in good faith, even though the provision for roll-back subsidy may be eliminated from the proposed amendment, such cases can be carried to the courts of the land, and proper adjudication on the cases had in the courts, and the claims satisfied there.

Mr. President, I wish to say something else with respect to the whole subject of roll-back and subsidies. It seems to be a strange subject that we are discussing here in the Senate of the United States. To me it seems strange that there should be a meat shortage all over the country, when we have so large a surplus of cattle in the United States at the present time. I thought it might be well to call the Senate's attention to statements made by two men who perhaps are as familiar with the cattle and meat situa-

tion as any two other individuals in the United States. One of them is Mr. Joe G. Montague, who is the legislative counsel for the Texas and Southwestern Cattle Raisers' Association. That association has a large membership. Its members are entirely familiar with the cattle situation in the United States. The other gentleman to whom I shall refer is Mr. Bob Kleberg, one of the owners of the King Ranch, the largest cattle ranch in the United States, I presume. The statements made by these two gentlemen are quoted in the New York Herald-Tribune of June 23. I wish to take time to read the article, because I think it is very enlightening. It is as follows:

**TEXANS REPORT HERDS OF BEEF TIED TO RANGES BY OFFICE OF PRICE ADMINISTRATION CURBS**

There is more than enough beef roaming the prairies to meet the Nation's requirements, but Government restrictions have kept producers and processors from getting it "off the hoof and onto the hook," two leading Texas representatives of the cattle industry said here yesterday.

If the Government would lift restrictions on quotas and abandon the subsidy plan, the industry could be restored to normal, in the opinion of Joe G. Montague, of Fort Worth, counsel for the Texas and Southwestern Cattle Raisers' Association, and Robert J. Kleberg, Jr., president and manager of the world-famous King Ranch, at Kingsville, Tex., and a director of the association. They discussed the problem in an interview at the Hotel Ambassador, Park Avenue and Fifty-first Street.

"From Government estimates," Mr. Montague said: "we know we will have, by January 1, 1944, a surplus of 15,400,000 head of cattle. This represents a surplus in poundage of 7,700,000,000 pounds. If we slaughtered one-half, or 3,850,000,000 of the surplus, we would produce out of this one-half of the surplus enough to feed 74,000,000 people in addition to supplying our armed forces and our civilian population with their normal supply of beef, and these additional people would be supplied as bountifully as are our own fighters and civilians."

"Thus we can, without hurting ourselves, actually supply normal quantities of beef for over 200,000,000 people—Americans, plus 74,000,000. In fact, the use of this surplus would be a genuine service since it would relieve our ranges and our feed lots of a severe strain on their resources."

Mr. Montague said that all elements of the packing industry at a joint meeting in Chicago on April 2 and 3 formulated a plan to solve the wartime meat problems.

"The plan is simple," he continued. "It calls for recognition of the fundamental law of supply and demand. The supply is known, or at least easily determinable, by observation of the slaughter records. The demand has three factors—the armed forces' needs, the civilian needs, and the lend-lease requirements. All other factors must yield to the proper necessity to meet the reasonable requirements of the armed forces."

"The civilian needs are controlled by rationing, with the point value being fixed but not invariable. The lend-lease demands would be very flexible, being coordinated with the actual slaughtering. Any surplus slaughtering, that is, any surplus above requirements for the armed forces and lend-lease, would be absorbed by adjustment of civilian ration points."

This plan, said Mr. Montague, was endorsed by Prentiss Brown, Director of the Office of Price Administration; Chester Davis, Director of the War Food Administration; and Maj. Gen. E. B. Gregory, Quartermaster Gen-

eral of the United States, and it was announced that the plan would be put into effect.

"Following the endorsement of the plan by these officials," Mr. Montague said, "the Government has attempted to put it into operation. The Meat Board has been set up, operating in Chicago, with all essential details of the plan adopted, but, unfortunately and in spite of opposition from the entire industry and from the Office of Food Administration, the roll-back and subsidy plan has been hung on the neck of the plan and it is seriously feared that such an impediment may cause the failure of the entire plan. Certainly it can and will do no good, and only added confusion will result."

Mr. Montague and Mr. Kleberg agreed that the saving to the consumer under the subsidy program would be "microscopic" and added that the program would add increased millions of dollars in taxes on the consumers.

**PUTS BLAME ON THE OFFICE OF PRICE ADMINISTRATION**

"The anomalous situation of a large surplus of cattle for the consuming public did not exist before the efforts of the Office of Price Administration to control the industry," Mr. Montague asserted.

He added that the cattle industry is a sensitive one and that its confidence in the Government's efforts has been shaken.

"Production has certainly more than met expectations," he said. "It is in the control of the demand that the horrible mistake has been made. A great many more cattle should be coming to the market than are arriving. The reason for this is that the producers are literally so confused they do not know what to do."

Mr. Montague charged that "not one" representative of the cattle industry has been called in by the Government for consultation in outlining the meat program.

Mr. Kleberg said that everything the Government has done to regulate meat production has been restrictive.

"It has done nothing to aid production or distribution," he said. He added that prior to interference by the Office of Price Administration, there had been no beef problem in this country.

"If America is to have muscle and brawn," said Mr. Kleberg, "it must have beef." Lack of beef, he believes, is bad for the Nation's morale.

Looking to the future, Mr. Kleberg commented that if the currently overstocked cattle ranges should suffer a drought, or a post-war depression, the Nation's cattlemen will be ruined, with a consequent economic blow to the entire Nation.

Mr. Montague has compiled figures for his association showing that the Nation's livestock has increased from 59,000,000 head in 1929 to an estimated 82,500,000 head by January 1944. In 1934, when the cattle population had reached 74,000,000 head, he pointed out, the Government stepped in and through purchase and subsidy had 8,000,000 head killed.

To prevent a similar necessity, said Mr. Montague, the present excess numbers should be reduced during the next few years, so that at the end of the war emergency the ranges and farms will not be overstocked.

Mr. Kleberg commented that the meat shortage among consumers is as severe in the center of the great Southwest producing centers as it is in the East.

Mr. President, it appears to me that it would be wise to pay some attention to the statements of men who know something about the cattle business and the meat business. I have just read to the Senate some statements made by two such men. Now we are faced with the situation of having the

meat markets short of meat. People are unable to buy the meat they need; yet we have a large surplus of live cattle. In addition, we are short of protein feeds and feed of all kinds. Yet, by rulings of the O. P. A. in setting up market quotas so that the cattle cannot be sold when they are ready for the market, those cattle are forced to be kept in the feed lots or on the range eating up feed needed for other purposes, and adding nothing to the weight or value of the cattle, because they were already finished when they were originally ready to go to the market. So we have, on the one hand, a beef shortage in this Nation, and on the other hand a surplus of cattle that are eating up the needed feed. According to the gentleman to whom I have referred, the whole situation has been caused by the rulings of the O. P. A.

Last night I was interested in listening to the radio program, March of Time, in which Mr. Montague took part. He restated the figures I have just mentioned, and stated other figures, to show how ridiculous is the situation in which the United States finds itself—our people starving for meat in the midst of an overabundance of cattle. In concluding, he called attention to the fact that on the cattle ranges in Texas and the West there used to be a certain kind of weed which, when eaten by cattle, caused them to become "loco," so that they ran around in circles, did not know what they were doing, and lost control of themselves. We called that weed the loco weed. At present that weed is almost extinct, if not entirely extinct, in Texas, but Mr. Montague expressed the opinion that possibly the weed had been transplanted and was now blooming in great profusion here on the banks of the Potomac. If so, possibly some of our Washington czars and bureaucrats may have eaten some of this loco weed, thus causing such tremendous confusion in the various governmental bureaus and agencies, more particularly in the O. P. A., which is setting up rules causing confusion throughout the entire United States and depriving the people of a sufficient amount of one of their best foods, meat, when there is an enormous surplus of cattle on the ranges in Texas and the West.

Therefore, Mr. President, it seems very strange that this dignified body of intelligent persons, the Senate of the United States, should be discussing and debating roll-back subsidies as a solution to our meat and food problem, when all we would have to do to solve the whole food problem would be to abolish the O. P. A., and perhaps some other Washington czars and bureaucrats who are doing so much to retard production and completely disorganize distribution.

**MESSAGE FROM THE HOUSE**

A message from the House of Representatives, by Mr. McGill, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 495) to establish a Women's Army Auxiliary Corps for service in the Army of the United States.



The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 2536) to amend the act entitled "An act to provide for the promotion of vocational rehabilitation of persons disabled in industry or otherwise and their return to civil employment," approved June 2, 1920, as amended, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. BARDEN, Mr. HART, Mr. LESINSKI, Mr. DONDERO, and Mr. CHENOWETH were appointed managers on the part of the House at the conference.

The message further announced that the House further insisted upon its disagreement to the amendment of the Senate to the amendment of the House to the amendment of the Senate numbered 5 to the bill (H. R. 2714) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1943, and for prior fiscal years, and for other purposes; that the House further insisted upon its disagreement to the amendments of the Senate numbered 60 and 61 to the bill; asked a further conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. CANNON of Missouri, Mr. WOODRUM, Mr. LUDLOW, Mr. SNYDER, Mr. O'NEAL, Mr. RABAUT, Mr. JOHNSON of Oklahoma, Mr. TABER, Mr. WIGGLESWORTH, Mr. LAMBERTSON, and Mr. DITTER were appointed managers on the part of the House at the further conference.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 2836. An act to grant increases in compensation to substitute employees in the Postal Service, and for other purposes;

H. R. 2888. An act relating to the application of the excess-profits tax to certain production bonus payments; and

H. R. 3030. An act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1943, and for prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1944, and for other purposes.

#### HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred, as indicated:

H. R. 2836. An act to grant increases in compensation to substitute employees in the Postal Service, and for other purposes; to the Committee on Post Offices and Post Roads.

H. R. 2888. An act relating to the application of the excess-profits tax to certain production bonus payments; to the Committee on Finance.

H. R. 3030. An act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1943, and for prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1944, and for other purposes; to the Committee on Appropriations.

#### URGENT DEFICIENCY APPROPRIATIONS

The PRESIDING OFFICER (Mr. JOHNSON of Colorado in the chair) laid before the Senate a message from the House of Representatives further insisting upon its disagreement to the amendment of

the Senate to the amendment of the House to the amendment of the Senate numbered 5 and the amendments of the Senate numbered 60 and 61 to the bill (H. R. 2714) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1943, and for prior fiscal years, and for other purposes, and requesting a further conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. McKELLAR. Mr. President, I move that the Senate still further insist on its amendments numbered 5, 60, and 61 to the bill; agree to the further conference requested by the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. McKELLAR, Mr. GLASS, Mr. HAYDEN, Mr. TYDINGS, Mr. RUSSELL, Mr. NYE, and Mr. LODGE conferees on the part of the Senate at the further conference.

#### CONTINUATION OF COMMODITY CREDIT CORPORATION

The Senate resumed the consideration of the bill (S. 1108) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes.

Mr. O'MAHONEY obtained the floor.

Mr. AIKEN. Mr. President, will the Senator yield? I desire to speak for only a minute.

Mr. O'MAHONEY. I yield.

Mr. AIKEN. I wish to read to the Senate a telegram I received yesterday after I had concluded my remarks. It is from several of the leaders of farm organizations, and reads as follows:

WASHINGTON, D. C., June 24, 1943.

Senator GEORGE F. AIKEN,

Washington, D. C.

We have examined the Taft amendment to S. 1108. We do not favor this amendment and respectfully urge its defeat. We have also examined the Gillette-Aiken substitute and respectfully urge its passage.

Edward A. O'Neal, president, American Farm Bureau Federation; Fred Brenckman, Washington representative, National Grange; John Brandt, president, National Cooperative Milk Producers Federation; Charles W. Holman, secretary National Cooperative Milk Producers Federation; Ezra T. Benzon, executive secretary, National Council of Farmer Cooperatives; P. O. Wilson, cochairman, Livestock and Meat Council; Byron Wilson, chairman, legislative committee, National Wool Growers Association; Clark Brody, executive secretary, Michigan Farm Bureau; Earl Smith, president, Illinois Agricultural Association; F. E. Mollin, secretary, American National Livestock Association.

Mr. President, I thank the Senator from Wyoming for yielding to me.

Mr. O'MAHONEY. Mr. President, I am about to speak on the question which is before the Senate. I quite agree with what the Senator from Georgia

said upon the floor or in private conversation the other day, that this problem is by all odds the most important one before the Senate, before the Congress, and before the country.

Mr. LA FOLLETTE. Mr. President, will the Senator yield in order that I may suggest the absence of a quorum?

Mr. O'MAHONEY. I am happy to yield for that purpose.

Mr. LA FOLLETTE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hatch	Reed
Andrews	Hawkes	Revercomb
Ball	Hayden	Reynolds
Bankhead	Hill	Robertson
Bilbo	Holman	Russell
Bone	Johnson, Colo.	Scrugham
Brewster	Kilgore	Shipstead
Bridges	La Follette	Smith
Brooks	Langer	Stewart
Buck	Lodge	Taft
Burton	McCarran	Thomas, Idaho
Butler	McClellan	Thomas, Okla.
Byrd	McFarland	Thomas, Utah
Capper	McKellar	Tobey
Caraway	McNary	Truman
Chavez	Maloney	Tunnell
Clark, Mo.	Maybank	Tydings
Connally	Mead	Vandenberg
Davis	Millikin	Van Nuys
Downey	Moore	Wagner
Eastland	Murdoch	Wallgren
Ellender	Murray	Walsh
Ferguson	Nye	Wheeler
George	O'Daniel	Wherry
Gerry	O'Mahoney	White
Green	Overton	Wiley
Guffey	Pepper	Willis
Gurney	Radcliffe	Wilson

The PRESIDING OFFICER. Eighty-four Senators have answered to their names. A quorum is present.

#### BILL IMPORTANT ON HOME FRONT

Mr. O'MAHONEY. Mr. President, the issue which is presented by the various amendments which have been reported from the Banking and Currency Committee or which have been offered by various Senators—

Mr. SHIPSTEAD. Mr. President, will the Senator yield to me for the purpose of suggesting the absence of a quorum?

Mr. O'MAHONEY. A quorum call has just been made.

Mr. SHIPSTEAD. Is there a quorum present?

Mr. O'MAHONEY. Senators have answered to their names and then left the Chamber to attend committee meetings. It is only appropriate that I should say that the Members of the Appropriations Committee, for example, are now holding subcommittee meetings, conference meetings, and hearings, and are marking up various bills which are to be passed by the 30th of June. I was myself participating in the conference on the District of Columbia appropriation bill all morning, and was unable to be in the Chamber when the discussion began today. I can understand the absence of Senators from the Chamber. Their absence only emphasizes the importance of the subject matter of this bill and of the various amendments, which involve the whole capacity of America to wage this war upon the home front.

In the Appropriations Committee, which was considering the War Depart-

ment bill day before yesterday, we heard the testimony of General Arnold, the head of the Air Force. Members of that committee were naturally asking him about the feats and the sufferings of the young men who constitute the Air Force, and who are carrying on the war over the Axis countries. I think it may be appropriate to recite here one story which he told.

Senators will remember that American Flying Fortresses made an attack upon the German base at Kiel, and that 24 American bombers failed to return from that engagement. Every Flying Fortress had a crew of 9 members, and each Flying Fortress, without regard to the armament or the radio installation, cost the people of this country more than \$385,000. Twenty-four of them, with their crews of 9 men each, failed to return to their base. Fortunately the failure of a plane to return to its base does not necessarily mean the loss of the lives of all the crew. It was in answer to questions with respect to that feature that General Arnold told the incident which I am about to repeat.

One of those planes was seen to be hit, and its engines were seen to catch on fire. It was falling, out of control, and seven of the crew of nine jumped with their parachutes, and were gradually coming down to earth. General Arnold stated that so far as the Germans are concerned, we know that fliers who jump by parachute are in no danger of being shot from the air, although the Japanese do shoot airmen who bail out. However, two of the crew did not bail out. They were gunners, one of them in the tail of the ship and the other in the nose. They stayed in the ship, sinking as it was to destruction in flames, and operated their guns all the way down.

Their companions in other planes who saw that those men were giving their lives when they might have jumped, destroyed in that action no less than seven German fighters.

#### UNITY DEMANDS WE FORGET GROUP INTERESTS

Mr. President, with those stories coming to us from the millions of boys who are waging this war, here on the home front we find labor wondering about how much it is going to receive, we find farmers wondering how much they are going to receive, and we find businessmen begging the Congress to change the law so that they will receive more. In all the confusion upon the home front there is this lack of understanding of the terrible crisis in which this Nation and democracy are involved.

Ah, Mr. President, it seems to me that the time has come for us to forget our group interests, whatever they may be, and to think of those boys who are giving their lives to save the fundamentals of freedom and of democracy. Let us stop thinking about what someone is taking away from us, and let us make a constructive effort to achieve unity upon the home front.

#### PEOPLE KNOW WAR MUST BE WON

Mr. President, I know that the people of America are ready for that unity. It

would not be possible for the citizens of America to respond as they have responded to the appeal to buy bonds; it would not be possible for the tax bills to be received with such apparent acquiescence in every community and in every State, if the people of America did not understand that there is a war to be fought, and war to be won.

I sympathize completely with everything which has been said on behalf of agriculture, I sympathize with the position of labor, I sympathize with the position of businessmen because I know that in 90 percent of all these cases the hearts and minds of all our citizens, whether they belong to labor, capital, or the farmer, are sound. What we lack is a comprehensive, all-embracing leadership, and a willingness to cooperate one with another here in the Government.

#### RESENTS EFFORTS TO BYPASS CONGRESS

I understand completely, and I have expressed myself over and over again, the dissatisfaction which Members of Congress feel because of the fact that the executive arm of the Government has on numerous occasions indicated its intention to bypass the Congress, to disregard Congress, to act without regard to the letter of the law, and to explain away some of the expansions and extensions of power which have been made. That is all true, Mr. President, but, on the other hand, knowing as I do the personnel of most of the executive agencies, I realize that 90 percent of the people in the bureaus want to do the right thing.

I have charged, and I do not withdraw the charge, that there have been men in the executive bureaus, such as the O. P. A., and the W. P. B., who have deliberately wanted to change our form of government, and who sought to use the war powers to bring about that objective. I know that there have been persons in various bureaus who have believed that the time has come when little business can be liquidated, when individual enterprise can be liquidated, and all those things accomplished. But this I know, as far as the O. P. A. is concerned, when our former colleague, Mr. Prentiss Brown, assumed his duties as the Administrator of that agency, he began immediately a good-faith effort so to administer it that it would be in accord and in harmony with the law and with the will of Congress. He has shown a disposition to cooperate with Congress and to discover from Congress the legislative intent. In this very matter he has come before the Committee on Banking and Currency, and has cooperated with the members of the committee in an effort to work out a satisfactory solution of the problems involved. I do not believe that the solution which has been brought upon the floor is a satisfactory one, but I wish to recognize the essential ability and good faith of former Senator Brown, and those who are following his directions in the O. P. A.

I wish to compliment the Senator from Ohio [Mr. TAFT] for the broad-minded and constructive manner in which he has approached this problem. It would have been easy for one in his position to have laid aside the serious issue and to have

thought in terms purely of partisan politics. It would have been easy for him to have denounced the whole subsidy program as though it were a thing to which we had never given our consent, as some have done. I wish to compliment the Senator from Ohio on the statesmanlike attitude which he has assumed.

Likewise, I may say as much for the Senator from Alabama who, I know, has been laboring in an effort to work out a solution of this matter.

I know that the distinguished Senator from Missouri [Mr. CLARK], whose amendment is now the pending business, has been actuated by the noble motive of restoring the power of Congress, the elected representatives of the people, in this great crisis. I am for all of them.

#### BILL FAILS TO SOLVE PROBLEM

Unfortunately, Mr. President, the suggestions which have been made here do not go to the heart of the problem. If we pass the pending bill with any of the amendments which have been proposed we shall still have failed to solve the problem which is presented to us. It is not sufficient to say there shall be no subsidies, and then, when we find that that broad declaration rules out subsidies for which we have asked, vote to make modifications so as to preserve the subsidies which we want, while denouncing the subsidies which we do not want. Now, Mr. President, I desire to assert certain principles which I think ought to be contained in this bill and which, if they are not contained in the bill, will prevent a constructive solution of the tremendous problem which confronts us.

#### MUST MAINTAIN AGRICULTURAL PRODUCTION

The first principle to be laid down is that we must maintain agricultural production. We cannot afford to permit the production of agricultural commodities to be impeded, to be delayed, or to be suppressed; but the fact remains, Mr. President, that under the policies which we have been following up to this time obstacles have been raised to agricultural production. If this condition is not corrected the country will be unable to do the job it has assumed to do in the production of food not only for our armed forces and for our civilian population but for lend-lease and now, under Governor Lehman, for the relief of the stricken people of Axis-occupied countries.

How absurd it has been, Mr. President, for us for more than a year to have followed a policy which overlooked all these objectives and which was concerned only with the purpose of keeping down the cost of living so far as foodstuffs are concerned for the consumer at the home table. It is only necessary to point out that the consumers at home have supported the black market. If they have sufficient money to support the black market then certainly they have sufficient money to support agricultural production upon a basis which will make it possible to produce what the Nation needs if it is to deliver on the commitments it has made to civilization.

I read in the newspapers that Members of Congress are now thinking of



forming a consumers' bloc, which will be devoted to keeping down the cost of foodstuffs, no matter what may happen to the quantity of food the Nation needs to have in order to distribute it. We cannot permit ourselves to be driven into positions because the consuming masses in the large cities do not understand the problem; nor should we be driven to adopt any policy because telegrams pour in here from agricultural regions asking us to do this or that.

A few days ago, before the amendment offered by the Senator from Vermont [Mr. AIKEN] and the Senator from Iowa [Mr. GILLETTE] had even been presented at the desk of the Senate, telegrams from various areas were already on their way to my office asking me to support the Aiken-Gillette amendment, in fact, telling me I must support it. I knew that the authors of those telegrams had not the remotest knowledge of what was in that amendment. Not only did they not know, but Members of the Senate, Members of the other House, and even members of the Senate Banking and Currency Committee, struggling with this problem, did not know what it was. Yet we received these telegrams.

The same thing is true with respect to labor. Communications were received by members of this body with respect to the so-called Connally bill, demanding this or demanding that, from persons who we knew did not understand the first thing about the contents of that measure.

Obviously, if we are to legislate under the whip of pressure groups, we shall not be exercising the constitutional power and responsibility which belong to us and which we ought to exercise under the oath which we took when we became Members of this body.

So I say the first principle is agricultural production. Let us do what may be necessary to maintain it. If we are to do that—and certainly everybody will agree that it must be done—then, obviously, the second principle which I wish to emphasize comes into play, and that is that there shall be no roll-back upon the producer of agricultural products, for it is the roll-back or the fear of the roll-back that destroys the capacity of the farmer and the rancher to produce.

It is perfectly appropriate to point out here that in January 1942, almost a year and a half ago, when the emergency price control bill was under consideration on the floor of the Senate the Members of the Senate, by an overwhelming vote, approved an amendment the purpose of which was to tie agricultural wages and industrial wages together so that agriculture and industry could move together. The Senate felt that it was a wise thing to do, but the amendment was thrown out in conference. Everything else that was in controversy between the two Houses was yielded save only that; everything else was yielded so that that amendment might be defeated.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield to the Senator from Florida.

Mr. PEPPER. When the able Senator says there should be no roll-back upon the producer, does the able Senator mean

that the producer shall not have the sale price substantially depleted so that he will get less than he should get for what he produces, or does he mean that the roll-back should not be applied to the producer and a subsidy given to the producer to compensate for the roll-back, so that the roll-back would simply be a part of the technique of keeping down the excessive prices of commodities?

Mr. O'MAHONEY. My purpose—and I am going to offer language which I think will carry out the principles I am laying down—is to make a reassertion of the legislative judgment of Congress and the President that the prices for agricultural products should be those as defined in the act of October 2, 1942, and that if it be necessary to pay subsidies to maintain those prices in order to maintain production, subsidies shall be paid, but under the supervision and after the approval of Congress in the ordinary exercise of its legislative functions.

Mr. PEPPER. Mr. President, will the Senator yield further?

Mr. O'MAHONEY. Certainly.

Mr. PEPPER. What does the able Senator mean by under the scrutiny of Congress?

Mr. O'MAHONEY. I said in the normal process of legislative action.

Mr. PEPPER. That is what we are engaged upon now.

Mr. O'MAHONEY. Yes. This is a difficult problem, a very complex one, and when I have finished stating the principles upon which I have acted, then I shall be glad to read to him the language which I think will carry out those principles and which I think will be quite satisfactory to the Senator from Florida. If he will bear with me, I think at that time I shall be able to satisfy him.

#### MUST NOT DESTROY PRODUCER

Mr. President, we must so administer these prices that there shall not be a roll-back on the producer which will destroy his capacity to produce. I do not complain at the policy which the Congress has already adopted of making war against inflation by keeping prices down; I approve that. What I am pointing out is that from that day in January 1942 when the Emergency Price Control Act was approved, without the amendment tying farm wages and industrial wages together, there was a constant depletion of farm labor and other labor as a direct result, and a constant increase in the cost of living. Congress had given the Office of Price Administration practically every power it sought, but in spite of that grant, the cost of living continued to rise, because officials in the O. P. A. were confronted with the conundrum of how they could reduce prices without killing production.

Mr. PEPPER. If the able Senator will yield for one other question, I shall not interrupt him further.

Mr. O'MAHONEY. I am always glad to be interrupted.

Mr. PEPPER. The Senator does not mean to say that the O. P. A. had to go to Congress almost begging on its knees to give it the power of subsidy, and the funds, ever since the price-control law has been before the Congress, does he?

Mr. O'MAHONEY. Oh, no, but I will say to the Senator that when the O. P. A. sent its request here for the power to subsidize, it asked for that power in a manner which was certain to bypass the Congress, in a manner which would have transferred the power of the purse from the elected representatives of the people to appointees who were selected without regard to the will of Congress, without regard to the confirmatory power of the Senate.

Mr. PEPPER. Will the Senator yield for a final question?

Mr. O'MAHONEY. Certainly.

Mr. PEPPER. Does the Senator envision the possibility that the Congress can determine, in the legislative process to which we are accustomed, what should be the amount of subsidy paid to all the various individual producers?

Mr. O'MAHONEY. Certainly, in the manner in which it is attempted to be done in the amendment offered by the Senator from Alabama. He asks for a lump sum, and he asks the approval of Congress, and that amendment undertakes to approve it.

I would say that that is an example which should be followed, and that it is perfectly possible for the executive branch of the Government, through the Bureau of the Budget, to send to the Congress in the ordinary way an estimate and a break-down of the expenditures needed for this purpose, and then Congress can approve it, and if it is done, then it will be the action of the legislative and the executive branches of the Government, instead, as it is now, and as it has been, and as it was proposed in the bill which the O. P. A. asked last February or March, of the arbitrary decision of appointive executive officers.

Mr. PEPPER. The able Senator then merely means that there will be an overall limit placed by the Congress upon the amount available for such subsidies?

Mr. O'MAHONEY. If the Senator were a member of the Committee on Appropriations, he would know that every bill which comes from that committee contains, as to a thousand or two or three thousand items, a lump-sum appropriation for such and such purposes, and in the Budget there is a specific table setting forth the persons to be employed, the salaries they are to be paid, the amount for telephones, the amount for telegraph, the amount for clerks, the amount for every item of expenditure. That can be done.

Mr. PEPPER. But if the cost of production can change from time to time due to change in the cost of labor or to change in the cost of ingredients which enter into the cost of production, obviously the executive agency will have to have authority to graduate the amount of the subsidy according to circumstances.

Mr. O'MAHONEY. I do not deny that.

Mr. PEPPER. That is all I meant to suggest to the able Senator, that essentially it is inescapable that the discretion about the awarding of the subsidy, and the amount of it in the particular case, would have to rest in the executive agency.

Mr. O'MAHONEY. Again I say to the Senator that I am now merely discussing the fundamental principle. The Senator inquires about the details. I shall come to the details presently. But I should like to make clear what in my mind at least appears to be the important aspect of this problem. I think that if we once get those aspects clear in our minds, we shall be able to apply a solution.

The first principle is the stimulation of agricultural production.

The second is a determination that there shall not be a roll-back upon the producer, because obviously unless we preserve the producers from such a roll-back, he cannot produce, and we shall not have the food necessary to supply the tremendous needs we have assumed.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. SHIPSTEAD. In my opinion, the Senator is rendering a public service by addressing the Senate in the way he is addressing it. Under the pending bill we have this problem: A roll-back was invoked. I think it is now generally conceded before the Senate that it was done illegally and without any basis of law. Immediately when that roll-back was put into effect the prices of cattle and hogs coming into the packing houses dropped. It was said that the packers refused to pay the prevailing prices because the roll-back had reduced the prices to the consumers.

In the pending bill there is a provision for the payment of a subsidy to the processor. The legal basis of the bill is, as I understand the Attorney General's opinion, the fact that the packer is a producer, though he has always been regarded as a processor.

If the bill should be enacted, there could be no loss sustained by the packer because he protected himself by paying a lower price in order to escape a loss. The question is, if the bill shall be enacted—and I am addressing this question to the Senator from Wyoming because he has always shown a very profound understanding of the agricultural producer and has always been strong in his defense—

Mr. O'MAHONEY. I thank the Senator for that observation.

Mr. SHIPSTEAD. If the bill shall be enacted and money shall be provided for a subsidy, how can the roll-back reach the producer of cattle and hogs who lost on the market after the roll-back was invoked?

#### PRESENT SUBSIDY PROGRAM INEFFICIENT

Mr. O'MAHONEY. Mr. President, in my opinion, the present subsidy program is utterly and completely inefficient. It will not do the job it was intended to, and it will inevitably result in a roll-back upon the producer. Therefore, I desire to see that system ended, and I wish to substitute for it a system which will prevent a roll-back, but which at the same time will make it possible for the packer, the little packer particularly, to operate without loss.

Under the system which has been promulgated, I have not the slightest

doubt that we shall not only suffer a reduction of production, as already indicated by the declining receipts from feeders, and so forth, but we shall also suffer a loss of processed meats because packers will be compelled to close their doors. The subsidy program to packers announced by the O. P. A. does not attempt to deal with the second problem at all. It was designed to deal with the first. It was the intention of the O. P. A., so expressed to me, that the subsidy of 2 cents a pound on the carcasses in the hands of the packers would leave them with sufficient money to continue to pay the prices the producers were receiving. But that was not the result. It was the difference between theory and reality. We must deal with realities. But when we deal with them I think we should recognize that most of the theorists, with the exception of those who were deliberately trying to change our form of government, were acting in good faith.

Mr. SHIPSTEAD. Does the Senator at this time have the intention of introducing a bill or of submitting an amendment the effect of which will be more equitable to the producer?

Mr. O'MAHONEY. Yes; I have an amendment which I will discuss presently. I wish to lay the ground for it, and I am propounding the principles upon which I am acting.

Mr. SHIPSTEAD. I did not know that the Senator intended to submit an amendment. I shall not interrupt the Senator further.

Mr. O'MAHONEY. I am glad to have the Senator interrupt me at any time.

We have our two first principles, maintenance of agricultural production and no roll-back upon the producer. Why do we say "no roll-back upon the producer"? Because we know that there is no other agency or person or group upon whom the producer can roll back. When the producer or rancher or the farmer does not obtain for his commodities a price which covers the cost of production there is only one recourse for him, and that is to go out of business, and the producers have been going out of business at such a rate as to threaten the production of agricultural commodities necessary to win the war.

#### WOULD CONTROL RETAIL PRICES

Mr. President, the third principle is that the price in the market place for foods and other agricultural commodities should be sufficient to enable the producer to produce them without a roll-back and without suffering a loss. But when it is necessary in the war against inflation to reduce prices so as to prevent spiraling, then the subsidy may properly come into play, provided it is paid in the manner laid down in the original act. That act, the Emergency Price Control Act, recognized that if the retail ceilings were kept at a low level rising costs would make it impossible for the producer, without a subsidy, to meet those levels. It can be handled in such a way if we reannounce the determination of principle which we made in the act of October 2, 1942, to maintain the proper price for the producer by the normal operation of the market, unless it becomes

essential to act otherwise. Is that sound? Is that a difficult thing to do?

#### SHOULD RETAIN AUTHORITIES

Mr. President, let it be remembered that on most agricultural products there has been no attempt as yet to pay a subsidy. It may not be necessary. But we should not destroy the legal authority which was granted by Congress in January 1942 and approved again in October 1942. We should not destroy the principle, but we should keep the payment of subsidies in strict control by asserting the power of Congress to supervise all authorizations and expenditures for such purposes so that we may know that the standards are reasonable and proper and meet the needs of the great community we represent.

Mr. TUNNELL. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. TUNNELL. It seems to me I have heard the expression "roll-back" used in perhaps different senses since this debate has been proceeding.

Mr. O'MAHONEY. The Senator is quite correct.

Mr. TUNNELL. I am quite sure that those using that term have not always had the same meaning in mind. I should be glad to have the Senator's idea of what a "roll-back" means.

Mr. O'MAHONEY. The word first came into current use when it was intended to describe the continuous passing on from retailer to wholesaler to distributor to producer of a reduction of price at the retail level. That is a roll-back, because, as the word itself indicates, it rolls back through all the various lines until it reaches the producer, and he must absorb it.

#### AGRICULTURE CANNOT ABSORB MORE REDUCTION

If we do not have sense enough to realize that the agricultural community, which has been at the lowest level of any community in our whole country, cannot absorb this continued reduction, then we do not have sufficient sense to deal with the problem. The roll-back on the producer must be stopped if we expect the producer to continue to produce.

The other definition has come into use since the O. P. A. announced its 10 percent cut on retail ceilings of meat and butter and coffee. I think that O. P. A. or some of its spokesmen intended that roll-back to be a limited roll-back; but, unfortunately, realities turned it into a complete roll-back. There is only one roll-back, and that is the one which begins with the O. P. A. on the retailer's shelves and goes all the way back to the producer who provides the commodities which we need for food.

Mr. TUNNELL. Then, as I understand, if the \$450,000,000 or \$500,000,000 referred to in the Taft-Bankhead amendment could reach the persons from whom the roll-back is actually taken, it would constitute compensation or partial compensation.

Mr. O'MAHONEY. If it did, but, of course, that is not the program of O. P. A. That represents a change of policy from the policy which was announced by the Congress when it passed the original act.



Mr. TUNNELL. Which was that production should be increased.

Mr. O'MAHONEY. That is correct; that the subsidy payments should go to producers. Let me read that law to the Senate. I read from section 2 (e) of the Emergency Price Control Act, the act of January 20, 1942, which has already been the subject of much discussion here.

Whenever the Administrator—

That is, the Administrator of the Office of Price Administration. Observe the power which we gave:

Whenever the Administrator determines that the maximum necessary production of any commodity is not being obtained or may not be obtained during the ensuing year, he may, on behalf of the United States, without regard to the provisions of law requiring competitive bidding, buy or sell at public or private sale, or store or use, such commodity in such quantities and in such manner and upon such terms and conditions as he determines to be necessary to obtain the maximum necessary production thereof or otherwise to supply the demand therefor, or make subsidy payments to domestic producers of such commodity in such amounts and in such manner and upon such terms and conditions as he determines to be necessary to obtain the maximum necessary production thereof.

"PROCESSOR" AND "PRODUCER"

When that language was written into the law it was the belief that the words "domestic producers" meant, with respect to agricultural products, the farmer and the rancher at the beginning of the economic line. There has been an opinion rendered by men who are acting in the capacity of attorneys that a subsidy to a processor is a subsidy to a producer. Whatever may be the technical result of that interpretation, I say it was an interpretation intended to justify the withholding of a necessary subsidy to a producer, and the payment of it to a processor; and certainly, Mr. President, we have had sufficient experience in this country to know that when subsidies or grants of any kind or benefits of any kind are paid to those at the top of the economic scale, they have a tough time trickling through to the people at the bottom.

Mr. McKELLAR and Mr. CLARK of Missouri addressed the Chair.

The PRESIDING OFFICER (Mr. WILKINS in the chair). Does the Senator yield, and if so, to whom?

Mr. O'MAHONEY. I yield to the Senator from Tennessee.

Mr. McKELLAR. Mr. President, the Senator has already partially answered the question which arose in my mind. As I recall the terms of that act—for which I did not vote, by the way—it specifically limited the power of the Administrator of the O. P. A. to the granting of subsidies to producers, not processors.

Mr. O'MAHONEY. That certainly was the intent, I think, so far as this is concerned.

Mr. CLARK of Missouri. Will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. CLARK of Missouri. I listened with great interest to the exposition of the very distinguished Senator from

Wyoming, and I considered the Senator's proposition. I follow it one step further, and ask this question: Does the Senator think that if the position now claimed by the O. P. A. as to the extent of the authority granted by section 2 (e) of the Stabilization Act had been frankly avowed on this floor—that is to say, that the authority must be used in granting subsidies to processors, instead of producers—it would have been possible that the provision would have secured as many as 20 votes in the Senate?

Mr. O'MAHONEY. Mr. President, I have no doubt that it would not have been passed; and I say to the Senator as a proof of the correctness of that statement—and what I now say also deals with the question asked by the Senator from Delaware—that when the Committee on Banking and Currency a year ago reported a bill similar to this one, undertaking to authorize the R. F. C. to borrow \$5,000,000,000 and to spend it for subsidies, the bill was recommitted to the Committee on Banking and Currency by this body. I am still happy that it was my motion to recommit which resulted in having the bill sent back. I made the motion because the bill, if passed, would have permitted the bypassing of the elected representatives of the people.

When I say that, I am not concerned that I, as an individual Senator, should be consulted; I am not concerned that the Senator from Missouri or the Senator from Oregon or any other Senator should be consulted; but I am concerned that the people of America who sent us here shall be certain that these things shall be done in the open forum, where all may see, and not be done behind some black curtain in an executive bureau, where only those who are taking the action, and who sometimes have a sinister objective, know what is being done.

Mr. TUNNELL. Mr. President, I am glad the Senator did not say "Senatorial" objective. [Laughter.]

I desire to ask the Senator a question, if he will yield to me.

Mr. O'MAHONEY. Certainly.

Mr. TUNNELL. I gather from the Senator's reading of the powers of the O. P. A. Administrator that rather wide latitude was left to him to determine the manner in which the money was to be used.

Mr. O'MAHONEY. It was. The reason for that was that, in the belief of the Congress, the O. P. A. would come back to Congress and would say, "These are the subsidies we want to pay, and this is the money we want to expend. Now give us the fiscal authority." Of course, that is what they did; but it was done in such broad language that the Senate rebelled, and the bill went back.

Again, the amendment which has been proposed by the Committee on Banking and Currency to the bill which is on the calendar is also couched in broad language which would permit the use of the money which is sought to be authorized by it, for any of the purposes which have been condemned. The roll-back could be extended from meat to every other

agricultural product, under the terms and within the limitation of that amendment.

Mr. TUNNELL. Mr. President, am I to understand that since the powers were to be exercised in such manner as the Administrator might determine, the Senator disagrees with the manner which has been determined?

Mr. O'MAHONEY. Oh, yes; absolutely. I think the decision with respect to the subsidy program as to meat, butter, and coffee was a mistaken policy, an ineffective policy, and one which cannot possibly result in anything but disaster so far as butter and meat are concerned.

Mr. TUNNELL. But the law itself permitted the Administrator to perform that function in such manner as he should determine, as I understood the language.

Mr. O'MAHONEY. I say again to the Senator that it was the opinion of Congress when that law was passed that the Administrator would come back to Congress for the specific fiscal authority, and would lay down his program. He did so; that is, he came to Congress and asked for \$5,000,000,000; but he did not spell out the program, and because he did not spell it out Congress said "No."

The program concerning which the Senator is interrogating me was not announced under the language which I have read, but under the language of the succeeding paragraph, which was for an utterly different purpose. Let me read it to the Senator:

*Provided, That in the case of any commodity which has heretofore or may hereafter be defined as a strategic or critical material by the President pursuant to section 5d of the Reconstruction Finance Corporation Act, as amended, such determinations shall be made by the Federal Loan Administrator, with the approval of the President, and, notwithstanding any other provision of this act or of any existing law, such commodity may be bought or sold, or stored or used, and such subsidy payments to domestic producers thereof may be paid—*

And so forth. The Senator will recall that Congress had passed, and the President had signed, a bill dealing with strategic and critical materials.

There never was any thought that such materials were anything but minerals and materials of that character. There never was the slightest imagination in the mind of anyone that that was intended to cover agricultural commodities, because section 3 of the bill dealt with agricultural commodities. This is another illustration of the devious method which has been followed time after time in the executive bureaus, of extending the power of the bureaus by interpretation of the law, trusting that the Congress, because of the great emergency, would permit the extension to go unrebuked and uncorrected.

Mr. TUNNELL. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Wyoming yield to the Senator from Delaware?

Mr. O'MAHONEY. I yield.

Mr. TUNNELL. If I may ask one further question, I will not pursue the matter further.

Does the Senator believe that under the power which was given, and which seemed to be so broad as to leave to the Administrator the determination as to how the money should be spent, a possible shortage is being or was being prevented?

Mr. O'MAHONEY. I am afraid I did not catch the import of the question.

Mr. TUNNELL. As I understand from the Senator's reading of the act, whenever the Administrator should determine that there might be a shortage of food or of materials, he might make the expenditures in such manner as he should determine. I am trying to find out if the Senator thinks that those expenditures were being made in such a manner as to make less likely a shortage.

Mr. O'MAHONEY. The expenditures were not being made. The first example we have had of the payment of a subsidy for food commodities is in the program recently announced for meat, butter, and coffee. That method is not working, and in my judgment will not work, but will result only in disaster. It will obstruct and restrict rather than expand the production which we need.

Mr. TUNNELL. I think I understand the Senator's view.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I am glad to yield to the distinguished chairman of the Committee on Banking and Currency.

Mr. WAGNER. The Senator is always so enlightening that it is a pleasure for me to ask him questions.

Mr. O'MAHONEY. The Senator's statement will be a very pleasant thing for me to read in the Record tomorrow.

Mr. WAGNER. I mean it. I do not know that the Senator has covered the point which is troubling me. Let me give a specific case. Take New York City as an example. I think approximately three-fourths of the people there who work for a living are not employed in defense plants. Their wages have not been increased. They comprise a large and stable class. Many of them are teachers.

Mr. O'MAHONEY. They are like Members of Congress in that they have not had any increase in pay.

Mr. WAGNER. Probably not. The cost of living has risen; it has increased about 21 percent since 1939, and it continues to increase. By the end of the year it will probably have increased by an additional 12 percent. Those people will be in great difficulty.

Mr. O'MAHONEY. That is true.

Mr. WAGNER. How are we going to help them?

Mr. O'MAHONEY. We ought to prevent inflation.

Mr. WAGNER. How are we going to help those people?

Mr. O'MAHONEY. We will help them by the subsidy system when it is necessary.

Mr. WAGNER. That is exactly what I had in mind.

Mr. O'MAHONEY. I do not propose to do away with subsidies. I ask only that they be exercised in the full view of Con-

gress, so that Congress may know what is being done.

Mr. WAGNER. In the particular instance which I have cited, the effects are already being felt.

Mr. O'MAHONEY. The program which has been announced would destroy the supply for the Senator's constituents in New York.

Mr. WAGNER. Why?

Mr. O'MAHONEY. Because production would be cut off. We cannot expect a dairyman to operate at a loss. We cannot expect a farmer or a rancher to operate at a loss. Under the program which has been announced by the O. P. A., although there has been a 10-percent decrease in retail prices, the subsidy which was intended to take up that decrease will go to the packer, and will not be reflected back to the producer. A producer who is operating at a loss will go out of business, and there will be no meat. The mayor of New York is quoted in the New York newspapers as complaining about the lack of meat. The story is the same in every large city. Two or three days ago the Washington News carried a headline describing this program. I do not know that I can quote the exact words, but they were to this effect: "Retail prices of meat reduced—if you can find the meat."

Mr. WAGNER. Of course, the black market has been a very difficult problem.

Mr. O'MAHONEY. Certainly. I will show the Senator how the black market can be controlled, and how prices can be kept down for the benefit of consumers, and how my constituents can be enabled to continue to supply the foodstuffs which are necessary not only for New York City, but for the Army and Navy, for lease-lend, and for Governor Lehman in his efforts abroad.

Mr. WAGNER. When I spoke of New York I was using it merely as an illustration.

Mr. O'MAHONEY. I understand. I meant no reflection.

#### SUBSIDIES WOULD GO TO PRODUCERS

Mr. WAGNER. The Senator says that there should be subsidies. To whom is the subsidy to go?

Mr. O'MAHONEY. To the producer, the last link in the economic chain. When he receives the cost of production, every one else in the chain can operate on that basis, and the whole economic system can work properly. Instead of beginning at the tail end and saying, "These are the retail prices, and every other element in the economic system must accommodate itself to these prices," I say turn the mechanism around and begin at the other end. Decide what prices are necessary to obtain the production which we need, and then let the other elements accommodate themselves. If the retail price ceiling is not sufficient to maintain those prices, then, and only then, and only with the consent of Congress, resort to a subsidy.

Have I made myself clear to the Senator?

Mr. WAGNER. Except for one point. The Senator says "Only with the con-

sent of Congress." We cannot wait in every instance to see what the situation is, can we?

Mr. O'MAHONEY. Certainly; under the system which I shall announce in a moment.

Mr. WAGNER. Very well. I wish to hear what the Senator from Wyoming has to propose.

Mr. O'MAHONEY. Mr. President, I think I have announced the various principles, with the possible exception of two.

A principle which must be maintained is that we shall continue to wage war on inflation, because if we permit inflation to come, then labor, the consumer, the producer, the business man, the school teacher, the Senator, the Representative, the newspaper man, and the radio commentator will all suffer, and the Government itself will suffer in the prices it must pay. We must recognize the necessity of preventing inflation, and we must so manage our legislation and our requests for our own groups that such legislation and requests will not endanger the ultimate objective of preventing inflation.

Finally, Mr. President—and this, I think, is the most important principle of all except that of continuing to preserve agricultural production—the responsibility and authority for handling the agricultural program, including the payment of any subsidies that should be paid, should be exercised by the War Food Administrator, and by no one else. It is absurd to believe that we can entrust the encouragement of agricultural production to an office the primary responsibility of which is to keep down the cost of living; because in every questionable case an agency of that kind will resolve the doubt against the producer. That is not only true with respect to agriculture, Mr. President; it is true with respect to oil. At this moment we have an illustration of that in this Government. The Office of Price Administration is holding down the price of gasoline so that consumers who have A cards will not have to pay more than 16 or 17 cents a gallon—although they cannot obtain enough gasoline to fill a thimble—and because the price of gasoline is kept down, the ability of the oil producers of America to produce the oil which is needed for the Flying Fortresses is being curtailed.

When Secretary Ickes, the Petroleum Administrator for War, demands that he be allowed more petroleum in order to provide fuel for the flights our air forces are making in the Pacific, in Africa, and over Europe, and demands that the price paid to the producer be increased so that he can obtain the oil, the answer he receives from the O. P. A. is that to do so would increase the burden on the consumers and would increase the cost of living.

Mr. President, how useless it is to talk about the cost of living in connection with the vital commodities which are necessary to maintain bare living itself, to preserve the Government, and to win the war.



We are confusing important notions. I believe in fighting inflation, but we must yield on that point whenever it is necessary to do so in order to obtain the commodities we need for the great, fundamental objective of the Nation. If it is impossible in certain instances to do that, then we must resort to subsidies.

Take the case of oil. We resorted to a subsidy when it became necessary to pay the cost of transportation to the railroad companies.

Mr. WAGNER. And also to the coal industry.

Mr. O'MAHONEY. No Member of the Senate proposes now to do away with that subsidy. If we are willing to say, as we do say, that a subsidy to the oil industry is necessary—or to the coal industry, as the Senator from New York suggests—and that we are going to maintain those subsidies because we need those commodities, then who is going to say that under no circumstances shall we permit a subsidy to be paid in order to produce the food we need?

This is a realistic question. It is not merely one of theoretical objectives.

Mr. GUFFEY. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. GUFFEY. Does the Senator mean to say that the producers of oil have received a subsidy? The subsidy is a transportation subsidy. The oil producers have no subsidy, and never have received one.

Mr. O'MAHONEY. Mr. President, I recognize the correctness of the position taken by the Senator from Pennsylvania. The Senator will realize that I am not speaking from notes.

Mr. GUFFEY. I understand.

Mr. O'MAHONEY. I am speaking on the question as it arises here. I initiated the discussion by referring specifically to the cost of transportation, but we are paying subsidies for transportation. We are paying subsidies for numerous other items. We carefully provide in the committee amendment that nothing in the war against subsidies shall be so interpreted as to stop soil-conservation payments.

The amendment of the distinguished Senators from Vermont and Iowa has been so drafted as to preserve certain subsidies which now necessarily are going to agriculture.

In this great crisis confronting the Nation we have recognized that the use of a subsidy may be a necessity to prevent disaster, and, so far as that is concerned, I am willing to go along; but, Mr. President, we cannot avoid the complete wreckage of our food program if we continue to deprive the War Food Administrator of the power and authority to obtain the food which is needed.

So I say let us take the power over food away from the R. F. C. and away from the O. P. A., and let us put it where it belongs—in the hands of a man who understands agriculture and its problems.

Mr. President, I remember so well the profound feeling of relief which was indicated among Members of this body when the announcement was made that Chester Davis was to be the War Food

Administrator. All criticism disappeared. All suspicion disappeared. On every hand Members of the Senate were saying, "Now, at last, we shall have a Food Administrator who understands his job, who understands the farmer, and the task of producing agricultural commodities. Now this problem will probably be on the way to solution." But, as it is working out, Mr. Davis does not have the power which is essential to enable him to do the job.

We gave the Rubber Administrator full power to perform the task assigned to him; and when he came into conflict with the War Department and the War Production Board he prevailed because it was the will of Congress and the will of the Executive that synthetic rubber should be provided without any guesses or qualifications.

Mr. President, I say to you that if we are to solve the problem of agriculture and of feeding the Army, the Navy, and the civilian population, there is only one way to do it. That is to take the responsibility out of the hands of the agency which is concerned only with keeping prices down, and to put it into the hands of the agency which knows something about farmers and about agriculture. Mr. President, I say that without the slightest thought of criticism of the O. P. A. under the direction of former Senator Prentiss Brown. Again, I wish to say that I regard him as an able, energetic, patriotic man, who, in good faith, is trying his best to do an impossible job.

In the Senate and in the other House tempers have become short and suspicions have been aroused. We are in great danger of legislating in anger, and slashing out to destroy an obvious injustice; and in so destroying such injustice we may bring down upon our heads a disaster greater than the disaster or the evil we are trying to cure.

So, Mr. President, we must approach this problem not as angry persons intent upon demonstrating our ability to stop the machine from working; we must act as intelligent legislators for the purpose of maintaining production, of preventing inflation, and of enabling an official or an agency with an understanding of agriculture to carry on that work.

Mr. President, how is it to be done? It will not be done by the amendment proposed by the Banking and Currency Committee, and, in my judgment, it will not be done by the amendment drawn by the Senator from Vermont [Mr. AIKEN] and the Senator from Iowa [Mr. GILLETTE], although I recognize how diligently they have worked upon that measure.

#### SUGGESTED AMENDMENT

I have here a draft which I have prepared and submitted to every thoughtful person whom I could reach in various agencies, and I have yet to find anyone who says that there is any economic defect in it. In order that it may be clear in the RECORD for those who are to read the RECORD tomorrow, and because I have not introduced it, and, therefore, it is not printed in the form of an amendment, I send it to the desk and ask that the clerk may read it.

The PRESIDING OFFICER. Without objection, the clerk will read as requested.

The legislative clerk read as follows:

"The first sentence of section 2 (e) of the Emergency Price Control Act of 1942 is hereby amended by inserting before the period at the end thereof a colon and the following: 'Provided further, That the authority conferred by this subsection with respect to the buying, selling, storage, and use of commodities, and the making of subsidy payments to domestic producers thereof, shall, in the case of any commodity used for food purposes, be exercised only by or under the direction of the War Food Administrator and only in such manner and upon such terms and conditions as he determines to be necessary to obtain the maximum necessary production of food in the quantities specified by the President to assure an adequate supply of food for the armed forces, for the essential civilian needs, for carrying out the purposes of the act of March 11, 1941, and for war relief purposes: *Provided further*, That no such subsidy payments shall be made unless the average price received by producers in the market place for such commodities meets the requirements of section 3 of the act approved October 2, 1942 (Public Law 729, 77th Cong.): *Provided further*, That the amount of such subsidy payments shall not exceed in the aggregate the amount recommended by the Director of the Bureau of the Budget and approved by the Congress: *Provided further*, That nothing herein shall be construed to prevent the payment by the Reconstruction Finance Corporation or any other Government agency of subsidies which have accrued prior to the date of enactment of this act."

#### MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

#### CONTINUATION OF COMMODITY CREDIT CORPORATION

The Senate resumed the consideration of the bill (S. 1108) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes.

Mr. MURDOCK. Mr. President, will the Senator yield to me for a question?

Mr. O'MAHONEY. I yield to the Senator from Utah.

Mr. MURDOCK. Referring to the second proviso of the Senator's amendment, which reads:

*Provided further*, That the amount of such subsidy payments shall not exceed in the aggregate the amount recommended by the Director of the Bureau of the Budget and approved by the Congress.

Is it the Senator's intention to limit the Congress of the United States appropriating money for this purpose or any other purpose to the recommendation of the Bureau of the Budget?

Mr. O'MAHONEY. Oh, no, and if the language were susceptible to that interpretation, I would change it immediately. I mean to have the Bureau of the Budget act in its legal capacity only as a recommending agency.

Mr. MURDOCK. Will the Senator yield for a further observation?

Mr. O'MAHONEY. Certainly.

Mr. MURDOCK. I believe that under the present law every item of appropriation before it comes to Congress is first submitted to the Budget Bureau?

Mr. O'MAHONEY. That is correct.

Mr. MURDOCK. Then, why would it not be better to delete reference to the Director of the Bureau of the Budget? I fully favor the scrutiny of the Bureau of the Budget as to all appropriations, but I think it is exceedingly dangerous, Mr. President, to write into law language which, even by implication, could be construed as a limitation on the power of Congress unless it has the approval of the Bureau of the Budget.

Mr. O'MAHONEY. The Senator may be quite right about that.

Mr. MURDOCK. I should like to see that language deleted.

Mr. O'MAHONEY. I will say to the Senator that my purpose in putting this language in was to provide the machinery by which the President, acting through the Bureau of the Budget, could make his recommendations to Congress. It might be better to have the recommendation come directly from the President himself, and, if I should offer this amendment, I should certainly consider making a modification.

Mr. MURDOCK. I hope the Senator will consider that point carefully.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield to the Senator from Texas.

Mr. CONNALLY. Mr. President, I crave the indulgence of the Senator from Wyoming. There is on the desk a matter of the highest privilege that ought to receive the immediate attention of the Senate. I am wondering if the Senator from Wyoming would defer his remarks until after we dispose of the matter in question?

Mr. O'MAHONEY. In order that I may yield the floor to the Senator for the matter of the very highest privilege, I shall now ask unanimous consent that there may be printed in the RECORD a modification of the amendment offered by the Senator from Alabama [Mr. BANKHEAD] for the Committee on Banking and Currency in order that this whole discussion and the proposals I make may appear at one place in the RECORD, and, later on, I shall be glad to resume the discussion, if that be necessary.

#### MODIFIED BANKHEAD AMENDMENT

The PRESIDING OFFICER. Without objection, proposed modified amendment referred to by the Senator from Wyoming will be printed in the RECORD.

The proposed modified amendment is as follows:

SEC. 5. Notwithstanding the provisions of section 2 (e) of the Emergency Price Control Act of 1942, or other provisions of law, neither the Commodity Credit Corporation, the Reconstruction Finance Corporation, its subsidiaries, nor any other Government-owned corporation, shall pay any subsidies or purchase any commodities for the purpose of selling them at a loss, or borrow any money to be used for such purpose, nor shall any appropriation heretofore or hereafter made by the Congress be used for any such purpose except as provided in this section or hereafter expressly authorized by the Congress.

(a) The Reconstruction Finance Corporation and the Commodity Credit Corporation are authorized to borrow money and pay to shippers of commodities or others the increased costs of transportation resulting from the war emergency.

(b) The Reconstruction Finance Corporation is authorized to borrow money and to pay subsidies relating to, or purchase for the purpose of selling at a loss, strategic and critical materials necessary to the manufacture of equipment and munitions of war for the United States Government or any of the United Nations, and to subsidize the high-cost production of minerals to increase the production thereof.

(c) The Reconstruction Finance Corporation is authorized to borrow and use such sums as may be necessary to liquidate all subsidy payments which have accrued prior to July 1, 1943, under the terms of the so-called roll-back program.

(d) The Commodity Credit Corporation is authorized to borrow not to exceed \$175,000,000 and to use or allocate any part of said sum prior to July 1, 1944, to pay subsidies or purchase commodities for the purpose of selling them at a loss in order to obtain the necessary production of such commodities in cases where the average price received by producers of such commodities in the market place meets the requirements of section 3 of the act of October 2, 1942 (Public Law 729, 77th Cong.). All commitments heretofore made by the Commodity Credit Corporation for such or similar purposes shall be fulfilled out of the sum authorized herein, and no further commitment herein authorized shall be entered into hereafter with any producer, processor, or distributor that cannot be fulfilled out of said sum.

(e) Nothing herein shall be construed to prevent the making of parity payments, soil-conservation payments, or benefits to sugar growers, or the sale of feed wheat, as authorized by existing law.

#### PREVENTION OF STRIKES IN DEFENSE INDUSTRIES—VETO MESSAGE (S. DOC. NO. 75)

Mr. CONNALLY. Mr. President, I ask that the President's message be laid before the Senate.

Mr. HILL. Mr. President, if the Senator will yield, I am wondering if he will not let me suggest the absence of a quorum so that all Senators may be here to listen to the message?

Mr. CONNALLY. I yield to the Senator for that purpose.

Mr. HILL. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. WILLIS in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Gerry	Millikin
Andrews	Green	Moore
Ball	Guffey	Murdoch
Bankhead	Gurney	Murray
Bilbo	Hatch	Nye
Bone	Hawkes	O'Daniel
Brewster	Hayden	O'Mahoney
Bridges	Hill	Overton
Brooks	Holman	Pepper
Buck	Johnson, Colo.	Radcliffe
Butler	Kilgore	Reed
Byrd	La Follette	Revercomb
Capper	Langer	Reynolds
Caraway	Lodge	Robertson
Chavez	McCarran	Russell
Clark, Mo.	McClellan	Scruggam
Connally	McFarland	Shipstead
Davis	McKellar	Smith
Downey	McNary	Stewart
Eastland	Maloney	Taft
Ferguson	Maybank	Thomas, Idaho
George	Mead	Thomas, Okla.

Thomas, Utah	Vandenberg	Wherry
Tobey	Van Nuys	White
Truman	Wagner	Wiley
Tunnell	Walsh	Willis
Tydings	Wheeler	Wilson

The PRESIDING OFFICER. Eighty-one Senators having answered to their names, a quorum is present.

The Chair lays before the Senate a message from the President of the United States, which the clerk will read.

The legislative clerk read as follows:

#### To the Senate:

I am returning herewith, without my approval, S. 796, the so-called war labor disputes bill.

It is not a simple bill, for it covers many subjects. I approve many of the sections; but other sections tend to obscure the issues or to write into war legislation certain extraneous matter which appears to be discriminatory. In the form submitted to me the accomplishment of this avowed purpose—the prevention of strikes in wartime—could well be made more difficult instead of more effective.

Let there be no misunderstanding of the reasons which prompt me to veto this bill at this time.

I am unalterably opposed to strikes in wartime. I do not hesitate to use the powers of government to prevent them.

It is clearly the will of the American people that for the duration of the war all labor disputes be settled by orderly procedures established by law. It is the will of the American people that no war work be interrupted by strike or lock-out.

American labor as well as American business gave their "No strike, no lock-out" pledge after the attack on Pearl Harbor.

That pledge has been well kept except in the case of the leaders of the United Mine Workers. For the entire year of 1942, the time lost by strikes averaged only five one-hundredths of 1 percent of the total man-hours worked. The American people should realize that fact—that ninety-nine and ninety-five one-hundredths percent of the work went forward without strikes, and that only five one-hundredths of 1 percent of the work was delayed by strikes. That record has never before been equaled in this country. It is as good or better than the record of any of our allies in wartime.

But laws are often necessary to make a very small minority of people live up to the standards the great majority of people follow. Recently there has been interruption of work in the coal industry, even after it was taken over by the Government. I understand and sympathize with the general purpose of the war disputes bill to make such interruptions clearly unlawful.

The first seven sections of the bill are directed to this objective.

Section 1 provides that the act may be cited as the "War Labor Disputes Act."

Section 2 relates to definitions.

Section 3 gives statutory authority to the President to seize war facilities—a power already exercised on several occasions under Executive order or proclamation.

Sections 4 and 5 of the bill provide for maintaining existing terms and



conditions of employment except as directed by the War Labor Board.

Section 6 makes it a criminal offense to instigate, direct, or aid a strike in a Government-operated plant or mine.

This would make possible the arrest of a few leaders who would give bond for their appearance at trial. It would assure punishment for those found guilty, and might also have some deterrent effect. But it would not assure continuance of war production in the most critical emergencies.

Section 7 gives the National War Labor Board statutory authority and defines its powers.

Broadly speaking, these sections incorporate into statute the existing machinery for settling labor disputes. The penalties provided by the act do not detract from the moral sanctions of labor's no-strike pledge.

If the bill were limited to these seven sections I would sign it.

But the bill contains other provisions which have no place in legislation to prevent strikes in wartime and which in fact would foment slow-downs and strikes.

I doubt whether the public generally are familiar with these provisions. I doubt whether the Congress had the opportunity fully to appraise the effects of these provisions upon war production.

Section 8 requires the representative of employees of a war contractor to give notice of a labor dispute which threatens seriously to interrupt war production to the Secretary of Labor, the National War Labor Board, and the National Labor Relations Board in order to give the employees the opportunity to express themselves by secret ballot whether they will permit such interruption of war production.

It would force a labor leader who is trying to prevent a strike in accordance with his no-strike pledge, to give the notice which would cause the taking of a strike ballot and might actually precipitate a strike.

In wartime we cannot sanction strikes with or without notice.

Section 8 further makes it mandatory that the National Labor Relations Board on the thirtieth day after the giving of the notice take a secret ballot among the employees in the "plants, mines, facilities, bargaining unit, or bargaining units," as the case may be on the question of whether they will stop work. This requirement would open the whole controversy over "bargaining units," a fruitful source of controversy and of bitter jurisdictional strife.

Section 8 ignores completely labor's "no strike" pledge and provides in effect for strike notices and strike ballots. Far from discouraging strikes these provisions would stimulate labor unrest and give Government sanction to strike agitations.

The 30 days allowed before the strike vote is taken under Government auspices might well become a boiling period instead of a cooling period. The thought and energies of the workers would be diverted from war production to vote-getting.

The heads of our military, naval, and production agencies have testified that these provisions are likely to be subversive of the very purpose of the bill—uninterrupted production.

Section 9 of the bill prohibits, for the period of the war, political contributions by labor organizations. This provision obviously has no relevancy to a bill prohibiting strikes during the war in plants operated by the Government or to a "War Labor Disputes Act." If there be merit in the prohibition, it should not be confined to wartime, and careful consideration should be given to the appropriateness of extending the prohibition to other nonprofit organizations.

There should be no misunderstanding—I intend to use the powers of government to prevent the interruption of war production by strikes. I shall approve legislation that will truly strengthen the hands of government in dealing with such strikes, and will prevent the defiance of the National War Labor Board's decisions.

I recommend that the Selective Service Act be amended so that persons may be inducted into noncombat military service up to the age of 65 years. This will enable us to induct into military service all persons who engage in strikes or stoppages or other interruptions of work in plants in the possession of the United States.

This direct approach is necessary to insure the continuity of war work. The only alternative would be to extend the principle of selective service and make it universal in character.

I recognize that this bill has an entirely praiseworthy purpose to insure full war production. But I am convinced that section 8 will produce strikes in vital war plants which otherwise would not occur. Therefore, I could not properly discharge the duties of my office if I were to approve S. 796.

FRANKLIN D. ROOSEVELT.  
THE WHITE HOUSE, June 25, 1943.

The PRESIDING OFFICER. The message will be printed.

The Senate proceeded, as the Constitution requires, to reconsider the bill (S. 796) relating to the use and operation by the United States of certain plants, mines, and facilities in the prosecution of the war, and preventing strikes, lock-outs, and stoppages of production, and for other purposes.

The PRESIDING OFFICER. The question is, Shall the bill pass, the objections of the President of the United States to the contrary notwithstanding?

Mr. CONNALLY. Mr. President, I am sorely disappointed. The Senate is sorely disappointed. The House, I am sure, is sorely disappointed. The people of the United States in overwhelming majority are sorely disappointed. Every soldier and sailor on the seas and on the land and in the air is sorely disappointed. The sections of the bill about which the President complains were contained in the bill as it passed the House. They are not vital provisions in the bill. They are merely incidentals. The President has the right under the Constitution to veto

a bill, and the Senate has a right to pass a bill over the President's veto. I hope the Senate will exercise its high constitutional privilege.

Mr. HATCH. Mr. President, as one of the conferees who worked in trying to bring about an adjustment between the House and the Senate on this all-important legislation, I wish to join the Senator from Texas in hoping that the Senate will override the President's veto.

The PRESIDING OFFICER. On this question, under the Constitution, the vote must be taken by the yeas and nays. The clerk will call the roll.

Mr. LA FOLLETTE. I make the point of order that the Senate is not in order.

The PRESIDING OFFICER. The Senate will be in order.

Mr. STEWART. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. STEWART. Is a vote "yea" a vote in favor of overriding the President's veto?

The PRESIDING OFFICER. The Senator is correct. A vote "yea" is a vote to pass the bill, the objections of the President of the United States to the contrary notwithstanding.

Mr. STEWART. Did I correctly understand the Senator from Texas to make a motion that the Senate override the President's veto?

The PRESIDING OFFICER. Such a motion is not necessary. The question arises automatically under the Constitution.

Mr. STEWART. The question comes before the Senate automatically?

The PRESIDING OFFICER. That is correct. The clerk will call the roll.

The legislative clerk called the roll.

Mr. OVERTON. I announce that my colleague the junior Senator from Louisiana [Mr. ELLENDER] is unavoidably detained because of illness.

Mr. HILL. I announce that the Senator from Virginia [Mr. GLASS] and the Senator from Kentucky [Mr. BARKLEY] are absent from the Senate because of illness.

The Senator from North Carolina [Mr. BAILEY], the Senator from Idaho [Mr. CLARK], and the Senator from Illinois [Mr. LUCAS] are detained on important public business.

The Senator from Iowa [Mr. GILLETTE], who, if present, would vote "yea," is necessarily absent.

The junior Senator from Kentucky [Mr. CHANDLER] is absent, having been directed by the chairman of the Committee on Military Affairs as a subcommittee to visit the hospital ship which recently reached New York from Africa.

The Senator from Washington [Mr. WALLGREN] is absent on official business for the Special Committee to Investigate the National Defense Program.

The Senator from Kentucky [Mr. CHANDLER] and the Senator from New Jersey [Mr. BARBOUR], who, if present, would vote "yea," are paired with the Senator from Washington [Mr. WALLGREN], who, if present, would vote "nay."

The Senator from Virginia [Mr. GLASS] and the Senator from Ohio [Mr.

BURTON], who, if present, would vote "yea," are paired with the Senator from Idaho [Mr. CLARK], who would vote "nay."

Mr. McNARY. The following Senators would vote "yea" if present:

The Senator from Vermont [Mr. AUSTIN], the Senator from New Jersey [Mr. BARBOUR], the Senator from Ohio [Mr. BURTON], and the Senator from South Dakota [Mr. BUSHFIELD].

The Senator from California [Mr. JOHNSON] is absent because of illness.

The Senator from South Dakota [Mr. BUSHFIELD] is absent on official business as a member of the Indian Affairs Committee.

The Senator from Vermont [Mr. AUSTIN] and the Senator from New Jersey [Mr. BARBOUR] are necessarily absent.

The Senator from Ohio [Mr. BURTON] is absent as a member of the special committee of the Senate attending a meeting of the Canada branch of the Empire Parliamentary Association at Ottawa, Canada.

The result was announced—yeas 56, nays 25, as follows:

## YEAS—56

Alken	Hatch	Revercomb
Andrews	Hawkes	Reynolds
Bankhead	Hayden	Robertson
Bilbo	Hill	Russell
Brewster	Holman	Smith
Bridges	Lodge	Stewart
Brooks	McClellan	Taft
Buck	McKellar	Thomas, Idaho
Butler	McNary	Thomas, Okla.
Byrd	Maloney	Tobey
Capper	Maybank	Tydings
Caraway	Millikin	Vandenberg
Chavez	Moore	Van Nuys
Connally	O'Daniel	Wherry
Eastland	O'Mahoney	White
Ferguson	Overton	Wiley
George	Pepper	Willis
Gerry	Radcliffe	Wilson
Gurney	Reed	

## NAYS—25

Ball	La Follette	Shipstead
Bone	Langer	Thomas, Utah
Clark, Mo.	McCarran	Truman
Davis	McFarland	Tunnell
Downey	Mead	Wagner
Green	Murdock	Walsh
Guffey	Murray	Wheeler
Johnson, Colo.	Nye	
Kilgore	Scruggs	

## NOT VOTING—15

Austin	Bushfield	Gillette
Bailey	Chandler	Glass
Barbour	Clark, Idaho	Johnson, Calif.
Barkley	Danaher	Lucas
Burton	Ellender	Wallgren

The VICE PRESIDENT. On this question, more than two-thirds of the Senators present having voted in the affirmative, the bill, on reconsideration, is passed, the objections of the President of the United States to the contrary notwithstanding.

## CONTINUATION OF COMMODITY CREDIT CORPORATION

The Senate resumed the consideration of the bill (S. 1108) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes.

The VICE PRESIDENT. The Senator from Wyoming [Mr. O'MAHONEY] has the floor.

Mr. MALONEY. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. MALONEY. Day before yesterday and earlier today I advised the Senate that I had requested the Office of Price Administration to furnish me and, through me, the Senate a statement of the standards which that agency had planned to use in carrying into effect the so-called subsidy program. There has just been delivered to me a letter, addressed to me, from Price Administrator Prentiss Brown which sets forth the standards to which I have referred. I think the letter is of great importance, and I ask unanimous consent that it be printed at this point in the body of the RECORD as a part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

## OFFICE OF PRICE ADMINISTRATION.

Washington, D. C., June 25, 1943.

HON. FRANCIS MALONEY,  
United States Senate,

Washington, D. C.

DEAR FRANK: I should like to outline to you my ideas as to the policies that should govern the use of subsidies in carrying out the general economic stabilization program. I have attempted to relate them not only to the requirements of the price stabilization program, but to our entire wartime economic policy. At the same time, the standards laid down are designed to safeguard the subsidy program from abuse.

## I. THE ROLE OF SUBSIDIES IN THE WARTIME ECONOMIC PROGRAM

## A. The function of subsidies

It is an essential part of our wartime policy both to stabilize prices and to obtain necessary production and distribution of commodities essential to the war and to the civilian population. In some cases the returns that are required in order to obtain necessary production and distribution are higher than can be obtained solely in the form of prices that are consistent with the price stabilization program. The purpose of the subsidy program is to provide a means of supplementing these prices so that necessary production and distribution can be obtained while, at the same time, the program of stabilizing prices and preventing the development of an inflationary spiral is carried out.

The need for supplementing these returns arises in cases where the cost of producing marginal output exceeds the ceiling price, and it also arises in cases where costs will increase or where price ceilings must be reduced.

Certain costs will increase, regardless of our ability to stabilize raw material prices and wage rates, because of such factors as the need for substituting new raw materials for those customarily used, the utilization of less efficient facilities and less efficient labor, increases in the prices charged by foreign suppliers, and increases of transportation costs resulting from the hazards of ocean shipping, rerouting of traffic, congestion, or other factors resulting from inevitable wartime dislocations. Beyond these cost increases are those which must result from commitments the Government has made with respect to parity in the area of agricultural prices and the elimination of standards and gross inequities in the area of wages.

In addition to these cost increases, the Government has made a commitment to

stabilize the cost of living as of September 15, 1942. Although the Little Steel Formula for wage stabilization has been accepted on the basis of this commitment, the Government has not yet made good on it; the cost of living has risen by more than 6 percent and the cost of food by more than 12 percent above the level at which Congress ordered prices to be stabilized. The execution of this mandate therefore requires price reductions and vigorous action to prevent increases. These reductions, like cost increases, will have the effect of diminishing the returns earned by producers or distributors unless they are offset in some way.

In general, earnings are sufficiently generous to permit absorption of these cost increases or price reductions without the use of subsidies, so far as entire industries are concerned. Profits before taxes for all corporations amounted to almost \$20,000,000,000 in 1942 as compared to about \$14,500,000,000 in 1941 and an annual average of only \$4,500,000,000 in the years 1936-39. Net income of proprietors in nonagricultural fields amounted to \$10,400,000,000 in 1942, as compared to \$9,300,000,000 in 1941 and only \$6,600,000,000, on the average, during 1936-39. Similarly, the net income of farm operators was \$10,200,000,000 in 1942, contrasted with \$6,700,000,000 in 1941 and an average of only \$4,700,000,000 a year during 1936-39. Thus in all these fields there is considerable ability to absorb cost increases or price reductions without the use of subsidies.

There will be cases, however, in which earnings will have to be supplemented if necessary production and distribution are to be obtained. This will be true of the marginal output of many commodities both with respect to the output of high-cost firms and the high-cost portion of the output of firms which are making a profit on most of their production. It may also be true where returns on a particular commodity are insufficient, even though the earnings of the industry from other operations are favorable.

Even in these cases it may be possible to offset higher costs or reduced prices by other means. There will nevertheless remain a number of cases in which returns must be supplemented by the Government. In these cases the use of subsidies is essential to the execution of the Government's wartime program.

## B. Relation of subsidies to other elements of the price stabilization program

While it is clear that subsidies have an important role to play in the price stabilization program, it is equally clear that they are a supplement to, and not a substitute for other parts of the program. These other controls must be tightened if the program is to be carried out.

First, controls exercised over demand and supply factors by other parts of the Government must be pushed more vigorously. This means more taxation and saving. It also means more effective control of manpower, production and allocation of supplies, so that labor, materials and productive facilities are used where they are needed. Those in charge of production usually take it for granted all too readily that higher prices will solve their problems. Now that the use of price is ruled out by the "hold the line" order, the danger exists that they will want to use subsidies in the same indiscriminate manner. It must be realized that main reliance in the guidance of production must be placed on direct action with respect to production, allocation, and manpower.

Second, where prices are controlled only at some stages of processing or distribution, measures should be taken to see that they are controlled at all stages. Although a rise in prices at the uncontrolled stages



could be offset by subsidies, failure to control these prices might make it difficult to limit the amount of subsidy required.

Third, better enforcement of price ceilings is required. This means simpler ceilings and more vigorous policing, which in turn means cooperation from other Government agencies and adequate funds for an enforcement staff. If existing ceilings are not made effective, no purpose is served by using a subsidy to hold them down or reduce them. To do so would be to put Government money in the pockets of violators.

## II. CONDITIONS UNDER WHICH SUBSIDIES ARE NOT TO BE GRANTED

In the light of the purpose of subsidies, it is possible to lay down credit conditions which must be met before their use in particular cases is justified. These conditions are designed to insure that subsidies are not used where the objectives can be accomplished by more desirable means and, further, to insure that when subsidies are used their purpose will in fact be accomplished.

### A. Subsidies should not be granted in connection with commodities that are not important to war production or to the cost of living

This requirement hardly needs explanation. A rise in the price of commodities that are unimportant either to war production or to the cost of living will not bring about the break-down of the price-stabilizing program.

### B. The subsidy must be required to obtain necessary production and distribution at prices consistent with the stabilization program

1. This implies that all feasible steps to reduce costs shall have been taken before a subsidy program is put into operation. To the extent that such steps have not been taken, a subsidy cannot be regarded as necessary. Where action to reduce cost has been initiated but not completed, it may be desirable to make it clear that the subsidy is temporary, pending the completion of cost reductions, and that its subsequent reduction or elimination is contemplated.

Among the steps that may be taken to effect such cost reductions are elimination of wastes and extravagances, ordinary economies of management, standardization of products, and simplification of products and services. These measures are necessary not only to reduce the money costs of doing business, but also to obtain maximum use of resources for war. If subsidies permitted the continuance of wasteful and inefficient production, whether in the war or civilian sphere, they would impede the war effort. It cannot be emphasized too strongly, however, that the Office of Price Administration has only limited power to promote cost-reduction programs. The fulfillment of this condition requires that other Government agencies put into effect positive programs, and that these programs be coordinated to achieve the purpose. This, in turn, requires full backing from the Office of War Mobilization.

2. The requirement that the subsidy must be necessary precludes the use of industry-wide subsidies to compensate for cost increases or price reductions when firms producing 75 percent of the output are covering direct costs of production by a sufficient margin and, in addition, are earning over-all profits sufficient to permit absorbing the cost increases or price reductions without subsidies. This means, for one thing, that an industry-wide subsidy should not be paid if, without it, a price increase would not be granted under the standards prescribed by the applicable statutes and Executive orders. It also means that an industry-wide subsidy should not be paid in connection with a price reduction if the price reduction can be effected without it under the standards prescribed by the applicable statutes and Execu-

tive orders. Where a subsidy is used in connection with a price reduction, it should leave the revenues of an industry no lower than they would have been if the price reduction had been limited to the amount permissible without subsidy.

In cases where a subsidy may not be paid to an industry as a whole under these criteria, a subsidy may nevertheless be necessary for the marginal output which is needed to obtain essential supplies. In such cases, subsidies should be paid only on specified portions of the output, and only on condition that such output has actually been produced.

3. A third corollary is that the possibility of price adjustments at earlier or later stages of production or distribution must be explored before subsidies are used. When a cost increase cannot be absorbed at the stage where it occurs, it may be possible either to lower prices at earlier stages without reducing returns below minimum levels or to raise prices at the current or later stages without raising prices to the ultimate consumer.

4. Before a subsidy is used, the possibilities of Government purchase and sale and of differential price ceilings to private buyers should be explored. By purchasing at prices adjusted to the needs of different producers and selling at a uniform price, corresponding roughly to the average of prices it paid, the Government can sometimes permit producers who need a higher price to get it without significantly raising the general level of prices for the product. By using differential price ceilings on sales to private buyers, also, a price increase may sometimes be permitted those who need a higher price to get it without having significant price-raising effects.

5. Where direct costs of producing or distributing one commodity exceed the price but over-all profits of an industry are high, it may be possible to avoid the use of subsidies by raising the price of the one commodity and reducing prices on one or more of its other products, thus preserving general price stability while permitting direct costs to be covered.

6. Necessary production of commodities is sometimes impeded by the competition of less essential commodities for land, labor, or supplies. In such cases production of the more essential commodity can sometimes be increased by reducing the price of the less essential product, thereby discouraging its production and releasing the resources. This possibility should be explored before subsidies are used.

### C. Subsidies should not be paid in connection with any commodity the retail price of which is not at the same time controlled

As I have pointed out above, if the price to the ultimate consumer cannot be effectively controlled, the subsidy is wasted so far as the consuming public is concerned. It should be noted, however, that subsidies themselves can, in some cases, be used to make ceilings more effective and to simplify them. For example, they may make it possible to compensate for differences of cost between different sellers and thereby to shift retail ceilings from a mark-up basis to a uniform dollar and cents basis, or to maintain such uniform dollar and cents ceilings where they already exist. Since the latter ceilings are by far the most effective, this is one of the best uses to which a subsidy can be put. In view of the possibility of securing greater effectiveness of ceilings through use of the subsidy device itself, the condition that the retail price must be effectively controlled should not be interpreted to mean that effective control must exist prior to the initiation of a subsidy program, but merely that it must exist during the operation of a subsidy program.

It is also desirable that prices in earlier stages of production and distribution be effectively controlled, either by ceilings or by other means. Since such control is not always feasible, however, and since lack of it

will not necessarily make subsidy programs undesirable, this condition should be regarded as desirable, but not absolutely necessary.

### D. Subsidies should not be used unless there is a direct net saving from their use

Subsidies should not be used in any case where the cost of the subsidy, including administrative costs, exceeds the price increase avoided or the price reduction effected by the use of the subsidy. Where a subsidy applied to one of several commodities will have the same effect on the cost of living it should be applied to the commodity where the direct saving per dollar of subsidy cost is greatest. Although the direct savings are less important than the indirect benefits of avoiding subsequent price and wage increases, the absence of any direct saving makes the benefit from use of a subsidy more difficult to measure. There are so many cases in which a subsidy can achieve measurable gains that a program so confined can still accomplish its purpose.

### E. Subsidies should not be used where the cost of administering them would exceed one-quarter of 1 percent of the price increase avoided or the price reduction affected

This limitation should be imposed to reassure those who are concerned lest the cost of administering the program be enormous. This limitation has been expressed in terms of the amount of saving rather than the amount of the subsidy because the latter appears to be a less logical basis for determining whether the subsidy is worth its cost. In most cases the cost of administration would be increased by efforts to limit rigorously the amounts paid, thus raising from both sides the ratio of administrative cost to amount of payment. Such efforts should not be discouraged.

### F. Subsidies should in general not be granted in compensation for such increases of unit overhead costs as reflect merely curtailment in the volume of operations

The preservation of firms whose output has been curtailed is an important problem, both from a social and economic point of view. But it is a problem distinct from that of maintaining price stability while obtaining necessary production, and it should be dealt with apart from a subsidy program designed to maintain wartime economic stabilization. Where direct costs are being covered, production and distribution will ordinarily continue over the short run, even though all accounting costs may not be covered. In general, no subsidy under this program is required in such cases.

There are, of course, exceptions to this generalization. For example, owners of small firms may shift into other, more profitable occupations. If their trade can be turned over to other firms, such transfers will make for the best wartime use of resources. On the other hand, where failure to grant a subsidy will impede the production or distribution of an important commodity, an exception may be made to this rule.

It should be understood, of course, that the rule itself does not preclude the use of a subsidy in connection with a commodity solely because its output may have been curtailed, but merely precludes subsidization of that part of the cost increase that results from the curtailment. Cost increases due to other causes may be subsidized.

### G. The aggregate amount of subsidies that do not involve direct saving on Government purchases should be limited to \$2,000,000,000 for the fiscal year 1944

I think it highly desirable that we announce such a limitation on the program we contemplate in order to make it clear that the proposed program does not open the way to potentially unlimited subsidy expenditures. In addition, such a limitation would

be of great assistance to us in resisting pressures to extend subsidies where their use is not warranted.

This restriction should obviously not apply, however, to subsidies that will involve direct net savings to the Government as a buyer.

### III. CHOICE OF METHOD FOR SUBSIDIZATION

#### A. Technique

While subsidization is usually thought of as involving direct payments by the Treasury, this is only one of several methods by which subsidies may be paid. In addition to direct payments, the Government may purchase the entire output of a commodity at a price that gives the desired return to the industry and sell back at lower prices, either to the same firms from which it bought or to firms at the next stage of production or distribution. The trading loss, equal to the excess of purchase price over sale price, is a subsidy. This method is used by the Commodity Credit Corporation. A third method, really only a variation of the second, is for the Government to purchase only a part instead of all of the output and sell it at a loss. This procedure is used in the case of the premium-price plan for nonferrous metals. The Metals Reserve Co. buys the high-cost portion of copper, lead, and zinc production at prices higher than the ceiling and sells it at the ceiling price. A fourth method is the provision of a service at a loss. This technique is used by the War Shipping Administration when it provides war-risk insurance and other services at premiums which aggregate less than the total claims paid.

The technique to be used in any particular case should depend upon the nature of the commodity, its market structure, and other aspects of the organization of the industry. It is neither possible nor desirable to lay down any rigid rules as to the best procedure, since the choice will depend upon a variety of factors that cannot always be foreseen.

Some important considerations may be mentioned, however. Purchase and sale by the Government permits the supply and its allocation to be effectively controlled. Where the geographical distribution of the supply or its distribution between uses, including stockpiles, needs to be better controlled, this is an important advantage of the purchase and sale technique. The method of purchase and sale, moreover, by substituting a single buyer, the Government, for a large number of private buyers, permits the price at the stage of subsidization to be controlled. It may be desirable to have control take this form. For example, in the case of certain imports, supplies are controlled by foreign monopolies. A rise in the import price cannot be effectively resisted by many private importers who are competing with each other, but it can be resisted by a Government agency which does all the importing. On the other hand, where such considerations are absent, the method of purchase and sale should not be used.

At present, the choice of technique is greatly influenced by restrictions on the powers of the various Government agencies. The Commodity Credit Corporation, for example, has taken the position that it is powerless to make direct grants, but can only buy and sell. While the substantive difference between these two procedures is sometimes virtually nil, it seems to me that the law should permit the administrators of the program to use whichever technique is appropriate, rather than force them to make the choice on the basis of restrictions imposed before the program was contemplated.

#### B. Stage at which subsidy should be paid

1. In addition to choosing the technique to be used, the Government must also decide at what stage of production or distribution the subsidy is to be paid. In this connection it should be understood that a subsidy need not be paid at the stage where a cost

increase originally occurs. It should be paid at the level where it can be most efficiently administered, having regard both to the cost and the effectiveness of administration.

2. An additional consideration is the amount of direct saving that can be obtained for a given subsidy expenditure. Insofar as price ceilings are determined upon the basis of percentage margins, this saving will be greater the earlier the stage at which the subsidy is paid.

I have no doubt whatever that a subsidy program of the type outlined above is essential to the stabilization program. I am convinced that the standards set forth in this letter provide adequate safeguards against unwise use of the program.

Sincerely yours,

PRENTISS M. BROWN.  
Administrator.

Mr. BONE. Mr. President, will the Senator yield?

#### Wartime subsidies

[Taken from Business Week, May 22, 1943]

Commodity	Type of subsidy	Supervisory agency	Estimated annual rate of subsidy
Various imports.....	Absorption of certain payments on war-risk insurance.	War Shipping Administration.	\$63,000,000
Sugar.....	Payments to refiners to cover increased transportation costs and losses resulting from reduction in weight through transshipment.	Defense Supplies Corporation.	30,000,000
Soybean, cottonseed, and peanut oils.	Payment to refiners (1½ cent per pound) to absorb rising prices at the far level.	Commodity Credit Corporation.	17,000,000
Copper, lead, and zinc.	Incentive payments to create production in marginal mines (production beyond established quotas carries a premium of 5 cents per pound for copper and 2½ cents for lead and zinc).	Metals Reserve Company...	25,100,000
Henequin.....	Absorption of higher costs in transportation, insurance, etc.	Defense Supplies Corporation.	5,900,000
Petroleum and petroleum products.	Payments for increased transportation costs, rail hauls, insurance, etc.	do.....	268,000,000
Imported metals.....	Absorption of (1) higher shipping costs and (2) increase in foreign sellers' prices.	War Shipping Administration.	150,000,000
Copper scrap.....	Absorption of costs in connection with conversion of excess manufacturers' inventories into electrolytic copper.	Metals Reserve Company..	30,000,000
Nicotine sulfate.....	Payments to manufacturers to compensate for rises in price at the farm level.	Copper Recovery Corporation.	(1)
Alcohol.....	Absorption by the Government of higher grain and molasses prices, freight charges, and war-risk insurance.	Agricultural Marketing Administration.	1,750,000
Bituminous coal.....	Double subsidy consisting of (1) absorption of additional costs on water-borne coal to New England, and (2) direct payments for rail transportation.	Commodity Credit Corporation and Defense Supplies Corporation.	(1)
Imported oil-bearing seeds.	To keep down pressure on Office of Price Administration ceilings, imported oil-bearing seeds are purchased by the Government and put into trade channels at a loss.	War Shipping Administration.	15,000,000
Coffee.....	Payments, direct or indirect, to cut transportation outlays and absorb higher insurance premiums.	Defense Supplies Corporation.	40,000,000
Chilean nitrate.....	Absorption by the Government of increases in foreign sellers' prices and of increased transportation and insurance costs.	Commodity Credit Corporation.	800,000
Cheddar.....	Payments to processors to enable them to purchase milk for additional cheese production.	do.....	7,000,000
Canning crops.....	Payments to processors to get bigger supplies of tomatoes, peas, sweet corn, and snap beans from farmers.	War Shipping Administration.	14,000,000
		Defense Supplies Corporation.	6,000,000
		Commodity Credit Corporation.	30,000,000
		do.....	10,000,000

<sup>1</sup> No estimate.

Mr. BONE. Mr. President, I also have a statement from Mr. Jesse Jones to the Senator from Alabama [Mr. BANKHEAD], setting out a list of the items on which subsidies are now being paid by the Government. The statement appears at pages 13 and 14 of the committee report. I ask unanimous consent that the statement be printed at this point in the RECORD, as a part of my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Section 2 (e) of the Price Control Act authorizes the Reconstruction Finance Corporation to buy and sell, or to subsidize, those materials which are designated by the President as critical and strategic.

Subsidies in one form or another have been a matter of administration policy since 1940,

Mr. O'MAHONEY. I shall be glad to yield if the Senator from Connecticut has concluded.

Mr. MALONEY. I have concluded. I thank the Senator from Wyoming.

Mr. O'MAHONEY. Then I yield to the Senator from Washington.

Mr. BONE. Mr. President, let me take a moment to submit for the RECORD a table and a letter. The table was supplied by Mr. C. M. Elkinton, price executive of the Office of Price Administration. It is a list of wartime subsidies and appears on page 54 of the committee report on the pending bill. I ask that it be printed in the body of the RECORD at this point, as a part of my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

first in the defense program and later in the war effort.

Due to submarine warfare Defense Supplies Corporation is paying excess transportation charges, and in some instances excess cost, on petroleum products. The estimated net cost of this operation for 1943 is from ninety-five to one hundred million dollars, probably from forty to fifty million dollars for 1944.

For the same reason the Corporation is paying excess transportation costs on coal to New York and New England. The estimated cost of this program for the year is \$25,000,000.

Defense Supplies Corporation paid transportation costs in distributing sugar throughout the country up to December 16, 1942. This included sugar from Cuba and the cost of moving beet sugar from the West to the New England area. Since then Commodity Credit Corporation has handled sugar.

Disbursements have been approximately \$23,000,000.



All Chilean nitrate of soda imported from July 1, 1942, to June 1, 1943, is for the account of Defense Supplies Corporation. Sale of this nitrate of soda within the Office of Price Administration price ceilings will result in an estimated loss of \$7,000,000, of which about one-half is due to transportation costs.

Because of the critical shortage of fibers for rope and binder twine which was brought about principally because of the loss of the Philippines and the Dutch East Indies, Defense Supplies Corporation is purchasing fibers in Mexico, the West Indies, and East Africa. This fiber is landed in the United States wherever possible and the high costs of the fiber and the high rail transportation costs to destination will result in an estimated loss of approximately \$5,000,000 for 1943.

The purchase and resale of idle tires will result in a loss to Defense Supplies Corporation estimated at \$20,000,000.

Formerly this country obtained its supply of jewel bearings almost entirely from Switzerland. In order to induce American manufacturers to produce them, Defense Supplies Corporation has agreed to purchase the output of American manufacturers at a price which entails a very substantial loss. It is estimated this loss will approximate \$7,500,000 a year.

In order to obtain the necessary production of aluminum rivets which are used principally in airplane manufacture, it was necessary to have them produced by high-cost manufacturers who were not normally in the business. Defense Supplies Corporation has agreed to subsidize the production of these rivets, at an estimated loss of \$5,000,000 for a year.

This applies also to aluminum rod and bars, on which the estimated loss is \$1,000,000.

Defense Supplies Corporation has agreed to pay the excess cost of purchasing petroleum coke at inland locations, transporting it to the west coast and processing it into calcined coke. This is done to avoid interference with the maximum production of 100-octane gasoline and Navy fuel oil on the west coast. The estimated loss is \$2,500,000.

Metals Reserve Company has been paying premiums on certain excess domestic production of copper, lead, and zinc since February 1, 1942. At the present rate of premiums and production this will cost approximately \$53,000,000 a year, but due to efforts to further stimulate production, this cost may be increased to as much as \$80,000,000 annually by the end of 1943.

Metals Reserve Company is purchasing and selling idle and excess inventories of raw materials and partly and fully fabricated materials frozen in the hands of the holders; it is also purchasing scrap metals where the cost, including preparation, handling, refining, freight, etc., will entail substantial losses. It is estimated that in 1943 these losses will aggregate \$27,000,000.

Metals Reserve Company is encouraging the production of various and sundry metals in this country through buying them at a high price and selling them at ceiling prices.

In addition to copper, lead, and zinc, these include arsenic, beryllium, cadmium, chrome, cobalt, fluor spar, graphite, iron ore, kyanite, magnesium, manganese, mercury, mica, molybdenum, rutile, spodumene, talc, tantalum, tin, tungsten, and vanadium. The loss on these items probably will be about \$25,000,000.

These materials come from one or more of the following States: Pennsylvania, Utah, Texas, Arkansas, Alaska, California, Idaho, North Carolina, Oregon, Washington, Montana, Vermont, Michigan, Arizona, Missouri, Alabama, New Jersey, Colorado, Georgia, Nevada, New Mexico, Oklahoma, South Dakota, Tennessee, Virginia, West Virginia, Wyoming, and New York.

Metals Reserve Company is paying abnormal transportation costs and losses on the purchase of various metals and minerals from

Latin America and elsewhere abroad. The estimated loss on these for 1943 is about \$25,000,000.

In the manufacture of synthetic rubber, the purchase of natural rubber from foreign countries, the purchase of scrap rubber for reclaim purposes, and the development of new sources of rubber, the cost is problematical. These activities are carried on by Rubber Reserve Company and Rubber Development Company.

In the case of meat and butter, the Price Administrator announced a reduction of approximately 10 percent to the consumer on these items. Obviously if this reduction were rolled back to the cattle and hog raiser and the price of cattle and hogs were reduced accordingly, the supply of meat would be retarded at a time when the maximum supply is most needed.

For this reason the Director of Economic Stabilization directed that I arrange with an agency of the Reconstruction Finance Corporation to pay subsidies on meat and butter to assure maximum production. The President approved the payment of these subsidies up to \$450,000,000.

The Reconstruction Finance Corporation subsidiaries act as service agencies in the war program. When the President, the War Production Board, the War Department, the Navy Department, the Maritime Commission, the Petroleum Administration for War, the Board of Economic Warfare, the Rubber Director, and the Director of Economic Stabilization establishes the need for plant facilities, materials, services, or supplies for which no other provision is made, the Reconstruction Finance Corporation, through one of the above-named subsidiaries, when requested to do so by the appropriate war agency, and with my approval, undertakes to provide them. In this way it serves those responsible for war production and war policies. Neither the Reconstruction Finance Corporation nor I make policies.

Mr. SMITH. Mr. President, I rise to a question of personal privilege. I desire to apologize to the Senator from Vermont [Mr. AIKEN] for the facetious way in which I referred to his amendment to the pending bill. I did not mean to leave the impression that I was opposed to his amendment. I think his amendment would be a vast improvement over what we now have or over the pending measure. In my opinion, the Senator is one of the best Americans in this body, and I desire to take this opportunity to apologize to him for the manner in which I referred to his amendment. I did not know the Senator was present. I wanted to say some complimentary things while he was here because I was afraid he might read them and think I had not meant them. Mr. President, of all the Members of the Senate, the Senator from Vermont is the last one I would choose to offend.

Mr. O'MAHONEY. Mr. President, before the message from the President was received, I had sent to the desk a suggested amendment in which I had attempted to meet the various principles set forth by me with respect to the proper solution of our problem of agricultural production. I should like now to take a few moments more to analyze that suggestion.

#### WOULD TRANSFER POWER TO FOOD ADMINISTRATOR

The proposal which I have sent to the desk and which I had read undertakes to meet the problem by transferring from the Office of Price Administration to the

Office of the War Food Administrator all powers with respect to the payment of subsidies for food products. The object of that, as I stated, is perfectly simple. The power to pay subsidies to increase agricultural production should be vested in an official who understands agricultural production and who is charged with the duty of maintaining it, rather than in the hands of an official whose duty is to keep prices down, and who, strive as he may, will naturally tend to keep them down, even at the expense of securing necessary production.

Mr. VANDENBERG. Mr. President, before the Senator leaves that point, will he yield to me so that I may ask him a question?

Mr. O'MAHONEY. Certainly; I yield.

Mr. VANDENBERG. Is it not logical to carry the Senator's theory still further, and to concentrate the total food control in the Food Administration?

Mr. O'MAHONEY. Mr. President, it might be very logical, but I do not think it is practical. I have endeavored to draft phraseology which would preserve the objective of the Executive with respect to the war against inflation, and at the same time preserve the objective of everyone which is to be certain that the necessary agricultural production is assured. I think nothing would be gained by adopting a provision which would meet a veto. I am endeavoring to work out, if I can, a constructive solution for a problem which everyone recognizes to be of great seriousness.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. TAFT. What puzzles me is that the Senator emphasizes the fact that Mr. Davis, rather than Mr. Brown, should have this power; but what assurance have we that Mr. Davis will be War Food Administrator by the time the bill is passed? There are rumors that he already is dissatisfied because he is not given full power, and is about to resign. How do we know that Mr. Brown may not be War Food Administrator by the time the bill is passed?

Mr. O'MAHONEY. The Senator is quite correct. We do not know who will be War Food Administrator. I hope that Mr. Davis will remain in the position to which he was called. Like all other Members of the Senate with whom I have talked, I have the highest confidence in him; but if he goes out of office for any reason, I feel confident that there will be appointed in his place a War Food Administrator who understands agriculture. In the light of the discussion which is taking place, or the statements which I am making, I am confident that a War Food Administrator would not be selected from the Office of Price Administration. That would be a defeat of the clear purpose of my proposal.

I was about to say that my amendment has another advantage, in that it reaches the problem with which we are concerned without touching the other problems respecting production of war minerals. It does not deal with strategic or critical materials. It does not de-

prive the R. F. C. of any power over minerals. It deals solely with food.

Mr. President, I am addressing myself to the Chair as well as to Members of the Senate.

The VICE PRESIDENT. The Chair is very glad to be addressed.

Mr. O'MAHONEY. I recognize the Vice President as an eminent expert in agriculture; and I am quite sure that his influence, if exerted on this problem, would be most beneficial to agriculture.

My amendment would avoid all the difficulties which have arisen in connection with each of the amendments which has been proposed, because it would eliminate all questions of copper, oil, lead, zinc, or any of the other metals for which bonuses and subsidies are being paid.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. TAFT. There is one other difficulty which I have with the Senator's amendment. It is my impression that if Mr. Brown, the Price Administrator, and Mr. Jones were asked their real opinions, they would not be in favor of the roll-back-subsidy program; but they were committed to it by the President of the United States, when he answered John L. Lewis and announced that he was going to roll back prices. I cannot see what assurance the Senator can give us that the War Food Administrator would not accept the direction of the President of the United States on that question, just as the Price Administrator and the Secretary of Commerce have done.

Mr. O'MAHONEY. If the Senator will bear with me, and read the wording of the amendment, I think he will find that at least an attempt has been made to meet that precise problem.

The War Food Administrator being made the administrator of food subsidies, the next step is to determine what foods shall be produced. So the amendment provides that he shall administer these powers in such manner as to obtain the maximum necessary production of food in the quantities specified by the President, to assure (1) an adequate supply of food for the armed forces; (2) an adequate supply for essential civilian needs; (3) an adequate supply for carrying out the policy of lend-lease; (4) an adequate supply for war-relief purposes.

That places upon the President the responsibility of determining the amount of food necessary. I assume that he would act through the War Food Administrator; and I assume that without any question the estimated quantities would be such as would be designed to carry out the already announced policy of the President with respect to those various matters. We cannot think of carrying out the President's policy of war relief, to which he has assigned Governor Lehman, unless he is willing to see that the necessary quantity of food is produced. We cannot think that he would fail to do everything possible to produce the necessary quantity to enable him to carry out the lease-lend policy, which is his policy. We cannot believe that he would hesitate

to encourage the production of whatever food may be necessary to meet essential civilian needs. Above all, there can be no doubt that his purpose would be to see that there was food enough for the armed forces.

Then there is the proviso that—

No subsidy payment shall be made unless the average price received by producers in the market place for such commodities meets the requirements of section 3 of the act approved October 2, 1942 (Public Law 729, 77th Cong.).

In that act, Mr. President, the Congress came to an agreement with the President as to the returns which the producers of agricultural commodities should receive. This provision is so drafted that it would be possible to have the normal operation of the market support the prices which the producers ought to have.

The next proviso is in the nature of a limitation:

*Provided further,* That the amount of such subsidy payments shall not exceed in the aggregate the amount recommended by the Director of the Bureau of the Budget and approved by the Congress.

The purpose of that provision was clearly to provide an avenue for the President to make his estimates and have them submitted to Congress and approved by the Congress. This would put an end to the by-passing of the legislative branch of the Government. The Senator from Utah [Mr. MURDOCK] has suggested that the reference to the Director of the Bureau of the Budget might result in giving the Director a power which he does not now have over Congress. Recognizing the validity of that criticism, I am willing to change it from the Director of the Bureau of the Budget to the President; and if I offer the amendment I shall make that change.

Finally, there is the concluding provision:

*Provided further,* That nothing herein shall be construed to prevent the payment by the Reconstruction Finance Corporation or any other Government agency of subsidies which have accrued prior to the date of the enactment of this act.

The purpose of that provision is to recognize the good faith of the Office of Price Administration in the action it has already taken, and to guarantee the payment of subsidies which the O. P. A. and the R. F. C. have pledged. We should not repudiate their action, but we ought to bring it to an end.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. TYDINGS. Has Congress authorized the R. F. C. and the O. P. A. to enter into contracts embodying the principle of the subsidy for food?

Mr. O'MAHONEY. Yes.

Mr. TYDINGS. What provision of the law does the Senator use in support of his affirmative answer?

Mr. O'MAHONEY. Section 2 (e) of the Emergency Price Control Act of 1942.

Mr. TYDINGS. Would the Senator mind reading it, if it is not too long?

Mr. O'MAHONEY. Not at all.

Mr. TYDINGS. If he will do so, I shall be able to follow his argument a little more closely.

Mr. O'MAHONEY. Section 2 (e) reads as follows:

Whenever the Administrator determines that the maximum necessary production of any commodity is not being obtained or may not be obtained during the ensuing year, he may, on behalf of the United States, without regard to the provisions of law requiring competitive bidding, buy or sell at public or private sale, or store or use, such commodity in such quantities and in such manner and upon such terms and conditions as he determines to be necessary to obtain the maximum necessary production thereof—

And so forth. Under my amendment I transfer that power to the War Food Administrator.

Mr. TYDINGS. I am not interested in who exerts it, but I wish to follow the Senator's reasoning. As I listened to the reading of his amendment I gained the impression—perhaps not accurately—that the Senator's amendment applies to food subsidies only to the extent of commitments already made. Am I in error in that impression?

Mr. O'MAHONEY. Yes; the Senator is in error about that. The amendment looks to the future.

Mr. TYDINGS. It would put Congress in more direct alignment with the subsidy principle than does the present law.

Mr. O'MAHONEY. Absolutely. It would preserve the supervisory authority of the Congress, as it should be preserved.

The Senator will recall that last year the Committee on Banking and Currency reported a bill authorizing the R. F. C. to borrow \$5,000,000,000 for subsidy purposes. The bill was rejected by the Senate and sent back to the committee because it provided for no congressional guide. The congressional guide is provided for in this amendment.

Mr. TYDINGS. Mr. President, will the Senator further yield?

Mr. O'MAHONEY. I yield.

Mr. TYDINGS. I have been absent from the Chamber much of the time during the past 3 or 4 days. I have been attending meetings of the Committee on Appropriations, both morning and afternoon, and I have missed a great deal of the debate. I do not wish to go back over a matter which has been covered, but would it put the Senator to great inconvenience if he should enumerate the dates, the character of the commodities, and the amounts of subsidies which have already been authorized under the provision which the Senator has just read?

Mr. O'MAHONEY. The subsidies authorized were not under that provision. They were under another provision which follows immediately to the one which I just read. That is the provision which was written in by Congress for the purpose of enabling the R. F. C. to pay subsidies to producers of strategic and critical materials. The only reason that provision has been utilized for food is the declaration by the President that coffee,



meat, and butter are strategic and critical materials.

Mr. TYDINGS. Will the Senator further yield?

Mr. O'MAHONEY. I yield.

Mr. TYDINGS. Will the Senator give me the date and the amounts of subsidies promised by the agency authorized to make subsidy payments so that I may ascertain in more detail what the situation is at the present time? The Senator has made some study of the subject and is familiar with it.

Mr. O'MAHONEY. I am sorry that I cannot give the Senator all the figures for which he has asked. I do not have the totals in mind. They appear in the RECORD, however. About the 1st or 2d of June the program with respect to butter, meat, and coffee was announced. With respect to meat, the measure of the subsidy was 2 cents a pound to the packers, on the carcass. Of course, the aggregate amount would depend on the number of pounds sold.

Mr. TYDINGS. I do not wish to divert the Senator from his argument. If I am doing so, he can so indicate, and I will desist.

Mr. O'MAHONEY. No; the Senator is not diverting me. I made the principal part of my argument while the Senator was in attendance at the Committee on Appropriations.

Mr. TYDINGS. May I ask the Senator further if the three subsidies for food to which he made reference are of recent origin? Did the Administrator put them into effect the 1st of June this year?

Mr. O'MAHONEY. It was about that time.

Mr. TYDINGS. According to the announcement of the subsidy authority, how long were the subsidies to run? They were to start in June. Was there a time limit?

Mr. O'MAHONEY. So far as I know, there was no time limit. That is the policy which was announced.

Mr. TYDINGS. The Senator can see what I am leading to. If a Senator should desire to vote against the principle of subsidy without repudiating contracts which the Congress has authorized the subsidy authority to make, he would have to know what the commitments were in order to cast an intelligent vote on the question at issue.

Mr. O'MAHONEY. One of the principal points for which I was contending before the Senator entered the Chamber was that the principle of the payment of subsidies has been recognized by Congress over and over again.

Mr. TYDINGS. That is true.

Mr. O'MAHONEY. It has been recognized specifically and also in general terms in many instances.

Mr. TYDINGS. I know that to be true, particularly as to critical materials, in which category foods have now been included.

Mr. O'MAHONEY. So, in my judgment, the rejection now in toto of the subsidy principle would upset our entire economy, and it should not be done.

Mr. TYDINGS. I believe that a good case can be made for critical materials, but I am wondering if as good a case could be made for butter, meat, and

coffee, assuming that no time limit were set upon the subsidy program as it relates to those three commodities.

Mr. O'MAHONEY. My purpose is to put an end to that program and, if it shall be necessary, to authorize the War Food Administrator to initiate a new program. However, I think it can be administered in such way as to reduce the amount of subsidies. Everyone who has familiarized himself with the work of the Commodity Credit Corporation and the work of the Department of Agriculture knows that those two agencies have been most careful in the exercise of the subsidy program. I think no one challenges the ability, the efficiency, and the high-mindedness of the men who have been doing the work of the Commodity Credit Corporation. Our problem here is to find a way of having all the agencies work together.

Mr. President, with respect to the amendment offered by the distinguished Senator from Missouri [Mr. CLARK], I wish briefly to say that in my opinion it is open to the criticism that if adopted it would upset our whole economy. It was initiated, if I correctly understand the Senator, because he felt, as I did, that the food problem has been mishandled, and that the power of paying subsidies in this manner should be ended. But in seeking to accomplish that result, he offered an amendment which would end all other subsidies, and seriously cripple the war effort. Therefore, the amendment was amended on the floor of the Senate. However, I believe that the changes which have been made in it are not such as will cure the defect in the amendment.

In my opinion the amendment offered on behalf of the Committee on Banking and Currency is also defective because it would not stop the roll-back. It would not control the payment of subsidies. Moreover, it would amend the law which Congress enacted providing that subsidies should be paid to producers. For that reason, in my judgment it should not be adopted in its present form.

Mr. President, I have already sent to the desk a proposed amendment which has been read and which will appear in the RECORD. It would alter the amendment offered by the Senator from Alabama in the following respects: On page 2, line 7, it would strike out the word "is" and insert in lieu the words "and the Commodity Credit Corporation are"; so that subsection (a) would read:

The Reconstruction Finance Corporation and the Commodity Credit Corporation are authorized to borrow money and pay to shippers of commodities or others the increased costs of transportation resulting from the war emergency.

Subparagraph (b) is allowed to remain as it is. That is the paragraph which authorizes the R. F. C. to borrow money and pay subsidies relating to, or purchase for the purpose of selling at a loss, strategic and critical materials.

Then I propose to strike out all of subsections (c), (d), and (e), and to substitute new language. The reason I strike out (c) and (d) is that they were made interchangeable, and they do not prevent

the roll-back. Subsection (c) authorizes the R. F. C. to borrow \$500,000,000 in order to obtain the maximum necessary production of or to purchase commodities to prevent price increases.

Subsection (d) authorizes the Commodity Credit Corporation to borrow not to exceed \$175,000,000 and to pay subsidies or purchase commodities, but subsection (e) then authorizes the transfer of these funds back and forth, so that the amendment, in these three paragraphs amounts to an authorization of \$675,000,000 to be used in the way which has already been criticized and which should be abandoned.

That is overcome by inserting in place of the three paragraphs which I have just analyzed this language:

(c) The Reconstruction Finance Corporation is authorized to borrow and use such sums as may be necessary to liquidate all subsidy payments which have accrued prior to July 1, 1943, under the terms of the so-called roll-back program.

That provision stops the roll-back, and it stops it at the end of this month, and in connection with the other language it provides an agricultural commodity program in the hands of the War Food Administrator.

Then the next paragraph reads:

(d) The Commodity Credit Corporation is authorized to borrow not to exceed \$175,000,000 and to use or allocate any part of said sum prior to July 1, 1944, to pay subsidies or purchase commodities for the purpose of selling them at a loss in order to obtain the necessary production of such commodities in cases where the average price received by producers of such commodities in the market place meets the requirements of section 3 of the Act of October 2, 1942 (Public Law 729, 77th Cong.). All commitments heretofore made by the Commodity Credit Corporation for such or similar purposes shall be fulfilled out of the sum authorized herein, and no further commitment herein authorized shall be entered into hereafter with any producer, processor or distributor that cannot be fulfilled out of said sum.

Subsection (e) of the committee amendment goes out, and subsection (f) of the amendment becomes subsection (e).

Mr. O'DANIEL. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield to the Senator from Texas.

Mr. O'DANIEL. As I understand the proposed amendment of the Senator from Wyoming, under it if subsidies are paid they are to be paid for the purpose of increasing production and payment shall go to the producer.

Mr. O'MAHONEY. That is correct; the one who is to do the increasing.

Mr. O'DANIEL. In the present situation it is claimed by those in the cattle business that already there is a large surplus of cattle and no shortage, yet, through marketing quotas set up by O. P. A., a shortage is created in the meat market. Would the amendment of the Senator from Wyoming reach that situation?

Mr. O'MAHONEY. No; my amendment would not, and no amendment that is pending here would. The only way that defect can be corrected is to set

aside the quota, and as to that I agree with the Senator, but it is not relevant to the debate here. That is another problem which ought to be met.

Mr. O'DANIEL. It is certainly related to the subject in some manner, because we are discussing the shortage of meat, whereas there is no shortage of cattle.

Mr. O'MAHONEY. There is no doubt about that; it is directly related to it; but the bill before us deals solely with the question of prices and subsidies for production. I agree with the Senator that the population of cattle is so great that if the quota restrictions were removed livestock would flow to the markets and the supply could be properly distributed; but that is another question, and the situation referred to by the Senator from Texas cannot be cured by this bill.

Mr. President, I am sorry to have taken so much time, but so many questions were asked me as I was proceeding that it was unavoidable; and of course I welcomed the questions.

I desire now to enter in the RECORD a letter which I received under date of June 7 from the Acting Administrator of O. P. A., in which he announced that the program which has been adopted by the O. P. A. with respect to meat was not intended to bring about a roll-back upon the producer. I insert this in the RECORD for the purpose of showing the good faith of O. P. A. I do not question their good faith, I do not question their intent. I say only that the program did not work as it was intended to work, and it has brought about a reduction of price such that the producers of meat animals cannot sell at the resulting figure and meet their costs, and therefore the roll-back should be discontinued.

The VICE PRESIDENT. Is there objection to the request of the Senator from Wyoming?

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

OFFICE OF PRICE ADMINISTRATION,  
Washington, D. C., June 7, 1943.  
The Honorable JOSEPH C. O'MAHONEY,  
United States Senate.

DEAR SENATOR O'MAHONEY: A reduction of meat price ceilings at the retail and wholesale levels of approximately 10 percent was announced by this Office on June 5. This measure was taken as part of a program designed to meet the requirements of Executive Order No. 9328, known as the hold-the-line order, issued by President Roosevelt on April 8.

Meat was included in the price reduction program primarily because it constitutes the most important single item in our food budget, and because the ceiling prices on meat are spelled out in dollars and cents for each cut thus making an effective price reduction possible.

It is well known that a 10-percent reduction in meat prices would sharply reduce the amount of money reflected back to the livestock market with a corresponding decline in livestock prices. It was in full recognition of this fact that the decision was made to make subsidy payments equal to the reduction in meat prices. For example, the ceiling price on carcass beef will be reduced 2 cents a pound and the Government will pay the slaughterer 2 cents a pound on all beef slaughtered. The meat packer will thus receive the same amount of money for his

meat as he did prior to the price reduction. In other words the packer will go into the livestock market with as much money as he did prior to this program and the producer will be protected from the retail and wholesale price reduction.

Provision has been made in the subsidy program for the protection of meat inventories. While the subsidy is effective for meat slaughtered beginning June 7, the packer's ceiling prices will not be reduced until June 14 for fresh and frozen meat and June 28 for cured and processed meats. This staggering of dates for the price reductions will enable those who have inventories of meat to sell them at the higher prices which now prevail.

This carefully developed plan is designed to be an important part of the national economic stabilization program, and great care has been exercised to assure that no part of the meat industry will be adversely affected by its operation.

Sincerely yours,

GEORGE J. BURKE,  
Acting Administrator.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Missouri [Mr. CLARK] as modified, as a perfecting amendment to the amendment of the committee.

Mr. McNARY obtained the floor.

Mr. TUNNELL. Mr. President—

Mr. McNARY. I yield to the Senator. I thought we were ready for a vote, and I was about to suggest the absence of a quorum.

Mr. TUNNELL. I have no objection to that. I wish to speak for a few minutes on the question before the Senate.

Mr. McNARY. I shall not insist, if the Senator desires to speak. I merely wanted a quorum, because I thought we were about to vote.

Mr. TUNNELL. Perhaps it would be better to wait until after I have spoken.

The VICE PRESIDENT. The Senator from Delaware is recognized.

Mr. TUNNELL. Mr. President, I have been much disturbed about the whole subject of subsidies. Since childhood I have been opposed to the principle of subsidies. Since I have been taking any interest in politics I have been talking against subsidies. I talked about the protective tariff when I believed that the tariff was used as a subsidy, for the purpose of building up immense and swollen fortunes for which no compensation was given. I remember opposing the idea of a payment of 2 cents a pound on sugar, as I recall the figure, a sugar bounty, which was a subsidy. I have always been opposed to the idea of giving something to a business which should be operated on a purely business basis.

I have been much interested in the statements which have been made by those representing the cattle interests in the West. I was interested in the statement of the junior Senator from Nebraska [Mr. WHERRY], in particular, when he said that the cattle growers were running on too small a margin of profit. To my mind, that is a valid and strong argument, because, after all, the profit motive is the inducement, the incentive, which causes people to transact business and to do business, and without that incentive business will not be done.

Perhaps not being acquainted with that particular business, I have been somewhat confused by the various state-

ments which have been made. For instance, we have been told that there is a shortage of beef in prospect, and the next minute we are told that there are more cattle in the country than ever before. We are told that there is going to be a shortage of hog meat, and then we are told that there are 125,000,000 hogs in the country, more than ever before. We are told that those who produce cattle and hogs will not send them to market, and then we are told that there are unsold animals in the market. I do not know; I suppose there are explanations of all those things. But the statements which have been made have been very confusing to me.

Leaving that matter for a few moments, I was much disappointed this morning to hear the Secretary of Commerce attacked because he had dared to send to some of the Senators a statement as to what had been done. We were told on the floor of the Senate that the Secretary sat in a room adjoining this Chamber and whispered to those who went by, attempting to induce them to vote in a particular way.

Mr. President, I am somewhat disappointed in this, because I feel that I have been slighted. I passed the Secretary yesterday in the adjoining room, I met him, and he shook hands with me, but he did not whisper in my ear, he did not tell me that he wanted me to vote for anything or against anything. I have just been wondering whether the charge made on the floor of the Senate was as baseless as to other Senators as it was in my own case. If the Secretary is going to whisper into the ears of others, I myself should like to know what he is whispering about; I think he slighted me.

It seems that in the particular situation we are considering we all agree that conditions are different from what they were prior to the war. I noticed in this morning's Washington Post an article headed "Brown appeals for subsidies. Says he cannot control prices without them."

This article refers to the man upon whom the duty is thrown of controlling prices, and he says he cannot control them without subsidies. Of course, with my tendency of mind against subsidies, such a suggestion is disturbing, and again I go back to the thought that, after all, we are at war, and there is very great difference between what is now required or what is now justified and what is justified under ordinary conditions. Without reading the whole reference to Price Administrator Brown, I should like to have this article, found on page 3 of the Washington Post of this morning, printed in the RECORD at this point.

The VICE PRESIDENT. Is there objection?

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BROWN APPEALS FOR SUBSIDIES; SAYS HE CANNOT CONTROL PRICES WITHOUT THEM

Price Administrator Prentiss Brown last night declared he cannot administer price control without the use of subsidies, and said the cut in Office of Price Administration appropriation imposed by the House last



week will—if agreed to by the Senate—cripple the Nation's hold-the-line program into uselessness.

When the price-control laws were passed, he asserted in a radio speech directed to the general public, it was apparent the program would require "the use of Government funds."

Subsidies, the Office of Price Administration chief declared, provide the cheapest method of securing production and are necessary "not only to roll back the cost of living to the level to which we are committed, but to hold it there."

The President and the War Labor Board, Brown said, have courageously prevented a serious break on the wage front and it is now more than ever necessary "that we hold on the price front."

"When Congress takes its recess in July," the Administrator declared, "it will find the people behind price control. Pressure groups are strong in the Capital and they often blind Congressmen to what the average citizen is thinking," he contended.

"Only when a Member can talk with those he knows have no pet cause to plead, can he get the real low-down on American thinking. I am glad for this reason that Congress is going home," he said.

"All ground lost on the cost-of-living front since September 15 must be retaken," he declared, "for the alternative of raising wages to match the rise cannot be considered."

"The roll-back subsidy program on meat and butter will save the consumer between \$2 and \$3 and the Government at least \$2 for every dollar paid out in subsidies," he said, terming the program the "soundest kind of finance."

"On this program," he said, "the Office of Price Administration was faced with two alternatives. Other than the subsidy, prices on meat could have been reduced at the farm level. Since the Price Control Act specifies farm prices must not be placed lower than parity, the lower ceiling at agricultural levels was impossible."

If retail prices were to be stabilized at last September 15 levels and "a fair and equitable margin maintained for the various processors and middlemen," as stipulated by law, Brown declared, "the subsidy was the only way out."

He reiterated his promise to extend community dollar and cents ceilings to all market basket foods, and urged Americans to arouse themselves to the dangers of inflation "before it is too late."

Mr. TUNNELL. Mr. President, to my mind Price Administrator Brown is one of the ablest men I ever met in this Chamber. I am satisfied that he is not making this statement without some reason. I am satisfied that he believes the statement he makes that he cannot control prices without subsidies.

It has been preached to us by newspapers, by columnists, and in speeches all over this Nation, that it is absolutely necessary to control prices. We have a Price Administrator. He is appointed for the purpose of controlling prices. He is supposed to have studied this question, and I think each of us will admit that he is a person who is capable of studying and arriving at a correct conclusion.

As I understand the situation, and as I gather it this afternoon from hearing the Senator from Wyoming [Mr. O'MAHONEY] discuss this matter, the problem is as to what is to become of the roll-back.

Mr. President, it seems to me that according to the law which was read by the Senator from Wyoming, very wide lati-

tude is given to the Price Administrator. He is permitted to use his own judgment in the handling of this question, and I am not one of those who believe that either Secretary Jones or Price Administrator Brown is willingly and knowingly violating either the law or the Constitution of the United States.

If I were to undertake to find out what is the law with reference to a Federal matter, I do not know that I could get an opinion from any source in which I would have greater confidence than the office of the Department of Justice, or the Attorney General. I do not know why it should be thought that that office would give out false information or information not justified by the language of the law itself, and after listening to the reading of the law in question, I believe that the opinion of the Attorney General of the United States was worth pretty nearly as much as the judgment of some of the others of us, with less experience, and less opportunity to study the particular law.

I am, therefore, of the opinion that perhaps the statement that we all agree, or that it is admitted, that the officials referred to are violating the law, is putting it pretty strongly. Here is at least one Senator who does not make such an admission, and I do not think the statement is justified. I believe that the Attorney General is justified in the position he took, and I believe so more firmly since hearing the speech of the Senator from Wyoming this afternoon.

There is now before the Senate a problem which affects the whole American people. I noticed that the Senator from Nebraska stated that the growers of cattle were not the ones who would get the subsidy. The Senator from Nebraska said the processors would not receive the subsidy, but that the users of the product, the consumers, would receive it. If the consumers are to receive this subsidy money it will be quite widely distributed, and therefore in an attempt to hold the line by means of subsidy payments the damage which some contend will result therefrom will not be so great. If the consumer receives the subsidy money I think that is a pretty good alternative.

Mr. President, we are trying to do something by way of holding the line, as the expression is, but what will be the result if we do not succeed in holding the line? As I view the situation, after having listened to various arguments, if the bill is passed with the amendment of the Senator from Vermont in it, or if it contains any amendment which would interfere with what former Senator Brown says is necessary for him to do, and thus result in preventing him from controlling prices, it will mean a rise in cost of living to every man, woman, and child in the United States.

Mr. President, it seems to me that the statement made by Price Administrator Brown presents a sufficient reason why I, for one, can afford to do something which I am constitutionally opposed to doing. I have been opposed to doing what is now proposed to be done throughout political life, because I think it represents a Republican principle, which is that some persons should be

given something for nothing. The Republican Party has fattened on that principle. I was delightfully surprised when I found that a Republican Senator from Ohio had taken a position in favor of controlling prices. I congratulate him on taking that position.

The statement was made by the Senator from Nebraska that the producer is not going to get the subsidy money, but the consumer is. That is not the theory of the Republican Party in this Nation. The theory upon which it has acted is that the manufacturer, but not the consumer, should receive benefits through the Government. If the consumer is now to be given an opportunity to benefit by the provisions of this measure, then I feel justified in voting for it.

Mr. President, it seems to me that the so-called Taft-Bankhead amendment provides the best method among the different methods left to our choice. These two Senators have given us a means by which we can limit the amount of liability placed on the Nation in doing something which has always seemed to us Democrats to be wrong. It limits the amount which can be thus expended, and yet it gives an opportunity in wartime to hold down the cost of living. I think that is very important. Perhaps I have not been so thoroughly convinced of the danger of inflation as some other persons seem to be, and yet I believe that inflation is a real danger. I think we have before us the possibility of a rise in cost of living, which would make it necessary again to raise wages. That would present a dangerous situation. Such a procedure would be a dangerous one. It is because of that danger, as I understand, that Price Administrator Brown insists that the measure be passed without crippling amendments; that otherwise he cannot hold down prices.

Let us see what will result if we refuse to do what is said to be necessary to be done by those who have studied the question, and who have made the matter of price administration their exclusive work during this period. Many men are studying the question of price control. If we refuse to do what is contended to be so absolutely necessary at this time, who assumes responsibility for the results? I myself do not propose to assume responsibility for them. Price Administrator Brown has my entire confidence. I think he has an almost impossible task to perform, and I believe that what he is now asking for can be utilized by him for the benefit of the American people.

Under those conditions, I think we should ask who will assume responsibility for failure resulting from our refusal to act? If general inflation results from our failure now to act, if as Price Administrator Brown says he cannot hold the line, if hardship shall come to millions of people as the result of our failure to act, will we then take the responsibility upon ourselves? Will we be honest about the situation, and say to Mr. Brown and to the administration, "Yes; you had a plan, and had we followed it we would not be in the condition in which we now find ourselves?" Or will we try to sidestep the responsi-

bility and say, "The plan would not have worked anyway?"

I ask Senators who oppose the subsidy plan what plan they have to offer in its place? What is the plan of those who refuse to accede to the demand of Price Administrator Brown? I have not heard presented any intelligent plan which would be likely to stop inflation. I have not heard any plan presented which would stop the rise in living costs. I have not heard of any proposal for action which would cause a cessation of the hardship falling upon the people of this country whose incomes have not been raised, and there are many millions of them.

Mr. President, the responsibility is one which the Senate and the House of Representatives must assume. The situation, as outlined by Price Administrator Brown, is such that if the Senate and the House accede to his wishes, and give him an opportunity to try out the plan which he thinks is the only available plan, should it fail, we shall have done our part. Unless some intelligent plan is put into execution, and the American people suffer because we fail to provide a remedy, then the blame is frankly and plainly upon those of us who refuse to accede to the demand and request of those in position to know what is necessary.

Mr. WILLIS. Mr. President, Undoubtedly responsibility for future rises in the cost of living will be laid without basis of reason at the door of those of us who refuse to grant to the Executive the alleged power to control such rises through the use of subsidies. Were I motivated by the desire to embarrass the Administration in its conduct of the war on the home front, I would vote to legalize and extend the practice already illegally indulged in, because eventually that remedy for controlling prices will fail, and full responsibility for that failure would then be laid at the door of the Executive.

I say the subsidy plan will fail because I am firmly convinced that in no such way can the Executive control the certain rise in the cost of living. The strains on price ceilings will become greater and greater as the supply of wanted goods diminishes and the huge volume of spending power is increased by the growing abnormality of our war effort. To hold levels rigid will only result in the increasing scarcity and final disappearance of the things we need for the conduct of the war and for the requirements of the civilian economy during the war, as well as for a stake for negotiations at the peace table.

Therefore, it is my duty to oppose the use of subsidies for the over-all control of prices. If we approve the proposed plan, we shall later be flooded by demands for appropriations to extend the practice, until disaster overtakes us. I shall not oppose the use of subsidies for the purpose of increasing the supply of critical materials for which abnormal conditions create an abnormal demand. I shall accede to the policy of using subsidies to equalize transportation costs of gasoline and fuel which have been distorted by the war.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. WILLIS. I yield.

Mr. AIKEN. The Senator may be interested to know that witnesses who were proponents of the roll-back and subsidy plan who came before the Committee on Agriculture and Forestry told us that the subsidies on meat, butter, and coffee were only a beginning, and that they proposed to continue along that line until all the necessities of life and all the things we require and provide are brought under the plan. So \$2,000,000,000, or whatever the figure may be, would be only the initial amount requested. No one knows how many billions of dollars would be needed before the plan would be wholly put into effect.

So when we vote on this measure, I think we should bear in mind that what is proposed is merely the beginning of a plan intended to blanket the whole United States and everything that everyone buys.

Mr. WILLIS. I thank the Senator. I intend to dwell on that point a little later.

My opposition is leveled at the pernicious practice of using roll-backs at the consumer market place without any provision or even any claim that the benefits of such practice will reach the production point which is necessary in order to reduce costs through having ample supplies.

I am, therefore, opposed to the use of subsidies as a roll-back or a bonus to the consumer, as practiced by the administration and as condoned and expanded in the committee amendment now pending before the Senate, because—

First. The practice is based on false premises. The facts do not support the contention of the proponents of the use of subsidies. Under the so-called roll-back of meat and butter, already put in force by the Government through subsidies to the processors, and a proposed roll-back on coffee, the average consumer would save less than 8 cents a week. Not more than 6 cents a week would be saved on meat, about 1¼ cents on butter, and about one-half cent a week on coffee. With butter and meat shortages threatening to grow worse, and with the constant decrease of consumption, the saving would be around 5 cents a week for each consumer. I contend that is not an important factor in the rising cost of living. The present high cost of living is due to the prices on commodities which ordinarily are counted as desirable but not as necessary food items. For instance, in a market in Washington yesterday, celery was quoted at 30 cents a stalk. A year or two ago it sold at 10 cents a stalk. Sweetcorn was quoted at \$1.20 a dozen ears, as against 25 cents a dozen 2 years ago. Huckleberries were quoted at \$1.20 a quart, while 25 cents a quart was formerly a fair price. Raspberries were quoted at \$1.60 a quart. I could scarcely believe that was so. Strawberries were quoted at 60 cents a quart, although in my own community 2 years ago they could have been purchased for 8 cents a quart, if you picked them yourself. A great many other arti-

cles of living which are commonly found on the ordinary family table were quoted at prices two to five times pre-war rates. All those articles figure in the index of the cost of living, and I contend the effort to control by subsidy has not even laid the dust of high costs. I greatly fear what would happen if the effort to control prices by this process should be expanded to its full requirements.

In the second place, the process is too costly. While 8 cents a week would nominally be saved to the individual consumer, eventually there would be a net increase of cost to each person of 18 cents, under the roll-back program for the three items, when the cost of administration, taxes, and all service charges are applied. The total cost of subsidies already proposed by the O. P. A. is estimated at \$500,000,000. That amount could be obtained only by the sale of Government bonds, probably to be paid off in about 50 years, at a fair guess, if added to our present indebtedness. At the annual interest rate of 2.9 percent, that would boost the cost to one billion two hundred and twenty-five million, or about 18 cents a week for a year, to each person in the United States, for the privilege of saving between 5 and 6 cents at the present time.

Yet, while proposing to save the people money by charging them from 233 percent to 366 percent more money than they could thus save, the O. P. A. has the naive effrontery to refer to this scheme as the only way to prevent inflation and relieve the excessive cost of living from the necks of the low-salaried white-collar class.

In the third place, under the experience we have already had with subsidies, the plan will promote food shortages. Take for example, the present situation in regard to corn and meat. The roll-back of the retail price of meat has been accompanied—but not accomplished—by a subsidy to the processors of meat. We have now existing the very curious situation of a frozen corn market due to the fact the O. F. A. is trying to maintain a ceiling price for corn of approximately \$1 a bushel on the markets, and to maintain through support a \$13.75 price on hogs. It does not take an exceptionally bright farmer to figure out that with hogs at \$13.75, he can get approximately \$1.35 a bushel for corn converted into the meat. Yet the O. P. A. insists on maintaining the lower legal ceiling on corn and a subsidized ceiling on hogs; and consequently the farmer is holding his corn to convert it into hogs, and our plants processing corn for other needed articles are facing shut-downs. If this plan is persisted in, we shall be deprived of critical feed and war materials.

The policy of cheap feed and higher hog prices was intended to be a temporary expedient to encourage the increased production of hogs. The measures of inflation control have frozen those incentives into our economy. The situation may be compared to an automobile. The accelerator of the car was pushed down to gain momentum rapidly, but now has been tied down, through the use of price-control measures, notably the price ceiling on corn. The car



is now exceeding safe speed limits, and there are sharp curves ahead.

It is elementary that so long as these price disparities or economic maladjustments continue, hog production will continue to increase until it has absorbed all available feed supplies. Not only does hog production have the advantage of paying the higher price for corn, but it has a priority on the available supplies because of the location of the hogs on the farms where the corn is raised.

The hog is now eating us into something approaching a national disaster, and its effects will be widespread throughout our economy.

In the fourth place, I am opposed to the extension of this subsidy program because it is un-American. It places in the hands of men who have never been elected by the people and who are not responsible to the people the distribution of vast sums of money upon their own judgment and upon their own discretion, without any yardstick of policy set up by the Congress. I need not emphasize the danger of this practice or to what point it would lead in favoritism—personal and political—or of the unfair competition to businesses not allowed a subsidy, and the complete control which Government would exercise over businesses accepting the subsidy. These dangers are so obvious that they stand out as a part of a plan to regiment completely the large businesses of the country, while the small fellow is waved aside with the bland statement that his sacrifice is just one of the casualties of the war.

In the fifth place, I oppose these subsidies because there is a better way to combat the problem of rising living costs, and that is to increase production so that the supply of needed materials will rise to the point that their availability will bring down the price. To accomplish results we must have an over-all control vested in one single authority with the power granted to him, first of all, to control and stimulate production, and then to coordinate the distribution and direct the prices that shall be charged at the consumer point. Only in this way can we end the confusion that exists in our hydraheaded effort to manage our food problem. It will remove uncertainty from the minds of the producer, the processor, and the distributor. This direction must have the power to cut the red tape of excessive Government regulations and provide the producer, not only with the manpower and machinery, but with the spirit that is necessary to get complete cooperation. The spirit with which our Government approaches this problem will have a vital effect upon production.

This week I received two letters which are very illuminating. One letter complained about a suit which had been brought in my State against a farmer for having overplanted his wheat allotment in 1941. He had raised 350½ bushels of wheat above his quota, and the penalty which the Government is seeking to recover in the suit recently filed is \$168.59. The farmer was not informed in the regulations and had no definite notice of a penalty for overpro-

duction. He did not realize that such a thing could happen in a free country. He could not obtain a card for the sale of his wheat, and it remained a drug in his bins. Illness came into the family, which required a physician and hospitalization. He found a physician who was willing to furnish the necessary services and accept wheat as pay for his services. Now the Government is bringing suit against this farmer, in this year of our need, for \$168.59, and trying to force him to pay a penalty for growing wheat in this time of our trouble.

Burdensome, costly, and exasperating regulations lower the production of our country. Are the initials "U. S." to stand for "Uncle Sam" or "Uncle Shylock"?

On the same day I received another letter from a very capable farm woman in my own county. She was writing to ask me the price of a house which I own in the neighborhood in which I live. She had made a success of farming, but she had decided to give it up because of the lack of cooperation of Government agencies. She said:

This year I wanted to raise 1,000 turkeys on my farm. I bought the equipment and I ordered the young turkeys, and then I found that I had to get a man to help raise the turkeys. I located, in a county quite a distance from my home, a schoolteacher who had the necessary qualifications of strength and intelligence to go into this difficult effort of raising turkeys.

He was married and had two children. The agricultural war board of my county recommended his deferment for the essential duty, but when I applied to the draft board of his county to get him deferred to help raise the turkeys, the draft board refused to grant deferment because he could not qualify as a skilled agricultural worker. Nevertheless, he had all the necessary qualifications to raise turkeys successfully, and supply the country with much-needed food. Unable to locate other help, I locked up my equipment, canceled my order for the turkeys, and now wish to move to town.

Thus our food supply is curtailed by a neglect of the spirit for the letter of Government regulations.

In 1942 we planted 22,013,000 fewer acres of corn than we did in 1932. Probably less will be produced in 1943 on account of the weather. In 1942 we planted 13,748,000 fewer acres of wheat than we planted 10 years ago. This reduction of our production capacity is the result of the planned system of farm management.

That is what I mean, Mr. President, when I say that we shall have to have better cooperation and a better spirit on the part of our Government if we are to get the production necessary to bring down the cost of food. If we vote for subsidies we shall give consent to the program of confusion, injustice, and abortive production. Instead of the subsidy program, let us have something constructive, and set up a program of over-all control which will forestall food shortages over the country. Only in this way can we enable America to take her proper place at the peace table and be prepared to use a bountiful supply of food to smooth the irritations between nations. If we do not do so, when we sit at the peace table we may

be saying, in a pleading voice, "Please pass the biscuits."

Mr. BUTLER. Mr. President, I should like to have the attention of the Senate for only a few minutes, to discuss one phase of the problem before us which has not been elaborated upon during the discussion which has occurred in connection with Senate bill 1108.

A number of amendments have been proposed to the bill, which was introduced by the Senator from New York (Mr. WAGNER). Each amendment has merit. I am sincerely hopeful that as a result of the consideration of the several amendments we may finally arrive at one which will be practicable and will accomplish the purpose for which we are all so hopeful.

I was present at the meeting in Nebraska a week ago last night, when between 700 and 800 farmers who had been engaged in feeding livestock—principally hogs and cattle—were in session to consider their plight. It is a little difficult for one who is not familiar with the problems which those people must face to realize that the situation is really serious. I can speak from personal experience. Frankly, the income, based on prices obtained for livestock today, will not meet the outgo in the production of livestock. I think that is stated in terms simple enough for anyone to understand that the situation is acute.

The farmers do not want to see extremely high prices. I doubt if they want any absolute guarantee of profit, but I think they, like other fair-minded persons, would appreciate the opportunity of having an opportunity at least to come out even, or perhaps with some profit.

I believe that the use of subsidies in a limited way is sound and meritorious, if they are used to increase the production of strategic or critical materials, without permitting a general increase in the prices of the commodities in question.

Thus, if a given quantity of copper can be produced at, let us say, 12½ cents a pound, and if an additional amount is necessary to carry on the war program, and if this additional amount can be produced at a higher cost, the use of a subsidy is justified in order to bring about the added production while at the same time holding the general price level at, let us say, 12½ cents. That is one of the first points on which I think we should agree.

Second. The use of subsidies in a limited way can be justified where some region of the Nation, through no fault of its own, is put in a disadvantageous position as a result of the military activities of the enemy. Thus, if the submarine menace absolutely stops the flow of petroleum products from producing areas in the Gulf States to consuming areas on the Atlantic seaboard, and if this in turn forces a more expensive transportation program, the Government may be justified in paying the differential for a limited period of time until consumers can shift from fuel oil to coal or at least adjust themselves to the circumstances.

Third. There are other illustrations which might be cited in which subsidies or their equivalent could be used to advantage by the Government in order to

maintain reasonable justice, and at the same time promote the successful prosecution of the war. I shall not attempt to enumerate them, but think that some leeway should be left to the administration in solving emergency situations as they arise.

Fourth. The use of widespread subsidies either (a) to promote general or Nation-wide expansion of production, or (b) in the form of roll-back payments to distributors and/or processors to reduce prices to consumers—or even to prevent prices from advancing—would be definitely inflationary, and if generally applied, would completely destroy all control of prices, wages, national income, national debt, and so forth. There is at the present time, and it is admitted by all, a tremendous inflationary gap resulting on the one hand from curtailed production of goods available for consumers, and on the other hand, from the increase in number of workers, the increase in hours per week, and the increase in wage rates and extra payments for overtime. Because of this inflationary gap, consumers are tempted to go outside the regular market and avoid the general price structure, which in turn means the widespread development of the so-called black market. But by lowering ceiling prices through the use of roll-back subsidies, consumers are left with even larger purchasing power, and while on the one side producers refuse to sell through the regular market, on the other side consumers are encouraged to buy through the black market. Thus the whole price structure is gradually destroyed.

Furthermore, the payment of subsidies actually increases the inflationary gap since it increases the purchasing power of consumers while discouraging any increase in the production of goods.

Still further, this policy is inflationary because it means that the Government, with the use of printed money—Government loans negotiated through financial institutions—is increasing the national debt, increasing the national income, and, in general, increasing the inflationary gap.

Indeed, the roll-back use of subsidies is nothing more nor less than the application of the principle of sales taxes in reverse. To avoid inflation, the Government should at this time impose a widespread sales tax of at least 10 percent, with proper exemptions, or require an equivalent investment in non-negotiable Government securities with low interest rates. Either of these two methods would reduce the inflationary gap. A third method would be to prohibit the payment of time-and-a-half or double wage rates except for employment exceeding 50 hours or 60 hours per week. However, this approach, while reducing cost of production, and the income of workers, and, therefore, the inflationary gap, might tend to discourage production, and the war effort. For that reason, it seems definitely better to absorb a large part of the inflationary gap by a sales tax, or through enforced lending to the Government. These methods are the reverse of the roll-back subsidy program. As indicated before, the payment of subsidies in the form of roll-

back payments to hold down or reduce prices is nothing more nor less than the sales tax in reverse, and is inflationary in character.

It is argued by some that Great Britain has used the roll-back subsidy program successfully and thus has prevented runaway inflation. This is, I think, absolutely not true. Weekly earnings in the United States have increased more than 65 percent since 1938-39. In Great Britain weekly earnings have increased less than half of this rate, or not more than 32.5 percent. Thus, there has been created no great inflationary gap.

Furthermore, under our lend-lease program we have furnished the British Government foodstuffs and other materials valued at several hundred million dollars annually. This in turn allows the British Government to sell to the distributors on a fixed price basis in harmony with wages and other income, thus avoiding inflation. In turn, the British Government is able to use the money received from the sale of these goods to subsidize imports from other sources than the United States and dominions, thus holding the prices of the other commodities down in harmony with the price ceilings. We in the United States have an entirely different situation. We are on the giving or lending end instead of on the receiving or borrowing end, and have permitted wage earnings and other items to increase the inflationary gap to such a point that now every effort should be made to close that gap by taxes and/or Government loans rather than further increase the gap by roll-back subsidies.

We cannot follow a fiscal program without limiting to some extent the subsidy program to which we would give official recognition if we were to agree to the provisions of Senate bill 1108. I for one am very anxious that the Senate take ample time and give serious consideration to the solution of this problem. I believe that, more than anything else, it reflects on our domestic conditions and will, if a solution is not found, cause us great distress as a nation.

I was impressed by the remark made yesterday by the Senator from Georgia [Mr. GEORGE] when he objected to a limitation being placed upon the debate. I myself shall not take much of the time of the Senate in a discussion of this question, but I hope sincerely that each and every Senator will realize the seriousness of the problem, and vote to preserve the American form of government instead of going into reverse and endeavoring to give away what little may be left in the Treasury of the United States.

Mr. BANKHEAD obtained the floor.

Mr. HILL. Will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. HILL. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	Bone	Burton
Andrews	Brewster	Butler
Ball	Bridges	Byrd
Bankhead	Brooks	Capper
Bilbo	Buck	Caraway

Chavez	McClellan	Shipstead
Clark, Mo.	McFarland	Smith
Connally	McKellar	Stewart
Davis	McNary	Taft
Downey	Maloney	Thomas, Idaho
Eastland	Maybank	Thomas, Okla.
Ferguson	Mead	Thomas, Utah
George	Millikin	Tobey
Gerry	Moore	Truman
Green	Murdock	Tunnell
Guffey	Murray	Tydings
Gurney	Nye	Vandenberg
Hatch	O'Daniel	Van Nuys
Hawkes	O'Mahoney	Wagner
Hayden	Overton	Wailgren
Hill	Pepper	Walsh
Holman	Radcliffe	Wheeler
Johnson, Colo.	Reed	Wherry
Kilgore	Revercomb	White
La Follette	Reynolds	Wiley
Langer	Robertson	Willis
Lodge	Russell	Wilson
McCarran	Scruggam	

The VICE PRESIDENT. Eighty-three Senators have answered to their names. A quorum is present.

Mr. BANKHEAD. Mr. President, I assume that the debate on the Clark amendment and the general debate on the whole subject under discussion is now about at an end and that the Senate will soon proceed to a vote.

I realize that there is very little chance of changing the opinions and votes of many Senators. I think most Senators have made up their minds, and I am quite certain that nothing I could say would add very much to what has already been said, and I feel that I should make at least a brief statement before the vote is taken.

I think there has been more loose thinking on the subject of subsidies than on any subject that ever came under my attention. I have heard Members of the Senate say that they were opposed to all subsidies. I have heard pointed out by Senators that every Member of the Senate has been voting for subsidies, and we all know that yesterday the Senate by unanimous consent, and apparently with great satisfaction to representatives from two sections of this country, agreed to ratify, approve, and continue subsidy payments.

I shall not repeat the list, but we have heard pointed out a long list of subsidies which have been adopted by the Congress, from pioneer days down to this time, including, as I have stated, the action taken on two sections of the pending bill.

When it developed on the floor of the Senate yesterday that the Clark amendment, if agreed to, would terminate the subsidies under which western mining operations are being conducted, and when it also developed that the Clark amendment would terminate the transportation subsidies under which coal and oil are being carried to cold and remote sections of the country, a disturbance occurred among Senators from the West and the Northeast because it became apparent that subsidies—subsidies so generally condemned—were to be eliminated by the Clark amendment.

Mr. President, I submit that we cannot take a broad, general position in opposition to subsidies. Such action would be inconsistent with the record of practically every Member of the Senate. I know that most Members on the opposite side of the Chamber are now in



favor of the Clark amendment and opposed to subsidies, but I wish to point out to Members of the Senate on this side of the chamber that the party represented by the Members on the other side has always stood for the protective tariff, which is nothing but a subsidy representing the difference between the cost of production in foreign countries and the cost of production at home. The protective tariff is of course a subsidy, an aid, a benefit, a help to the manufacturing industries. Is it consistent to support a protective tariff and then to say, "I do not like subsidies. I am opposed to subsidies?" That is not, in my judgment, a consistent position to take, because no one who understands the English language can successfully deny that the protected industry which receives benefits under the tariff by which it may increase its prices over the level of the prices which would be in effect if it were not for the tariff, receives a subsidy.

Mr. President, yesterday I received a bill which had been introduced by the junior Senator from Massachusetts [Mr. LODGE]. It came to me as chairman of a subcommittee of the Committee on Banking and Currency. In that bill the Senator proposes that food stamps be issued to low-income persons in order to equalize for them in some degree the high prices with which they are now confronted as a result of the war. I do not know how the junior Senator from Massachusetts stands with respect to the pending bill. I regret to note that he is not now present in the chamber. If the Clark amendment is adopted the bill introduced by the Senator from Massachusetts will be condemned by those who are in favor of the Clark amendment, for who can deny that food stamps given to low-income persons, or even turned over to them at a cost lower than prices of food, is a subsidy granted to such persons?

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. CLARK of Missouri. The Senator certainly does not mean to contend that anything is condemned in terms in my amendment, or that it would do anything except repeal the authority contained in section 2 (e) of the Stabilization Act. I have been given to understand in the cloakrooms and about the Chamber today that the Senator from Alabama has been saying that my amendment would invalidate parity payments and soil-conservation payments and various other types of subsidies.

Mr. BANKHEAD. I have not mentioned one of them.

Mr. CLARK of Missouri. The Senator will certainly admit—and I mention this in view of the last statement by him—that my amendment is simply directed to the repeal of a fake authority claimed by the O. P. A. under section 2 (e) of the National Stabilization Act.

Mr. BANKHEAD. I stated today to the senior Senator from Mississippi [Mr. BILBO] that the Clark amendment would not repeal the authority for soil conservation payments. Since that subject has been raised, I wish to say that the Clark amendment would not prevent parity

payments, or repeal the authority for such payments. Parity payments represent a pure unadulterated subsidy, yet I contend that the Senator's amendment would not prevent Congress from specifically authorizing parity payments, and such payments come about by means of specific appropriations made each year.

Mr. CLARK of Missouri. If the Senator will indulge me for a moment, he will admit that my amendment, with the inclusion of the amendment of the Senator from Georgia [Mr. GEORGE] and the amendment of the Senator from Colorado [Mr. JOHNSON], which are now included in the so-called Clark amendment—the Senator will admit that the amendment in its present form is simply a restatement of the intention of Congress as nearly every Member of this body understood the act when the National Stabilization Act was passed. It is not intended to interfere with anything else whatever.

Mr. BANKHEAD. Mr. President, the Senator cannot put those words in my mouth.

Mr. CLARK of Missouri. If the Senator wishes to deny that statement I shall be very glad to have him do so.

Mr. BANKHEAD. Let me make my argument, please. I do not mind having the Senator interrupt me, but I do not wish to be engaged in that sort of controversy at this late hour. Since the subject has been raised, let us see what the effect of the Senator's amendment would be. He states his view of the effect of his amendment. I do not agree with his statement with respect to its effect. Let us see what it would do. It would repeal subsection (e) of section 2 of the Price Control Act. The inclusion of the George amendment in the Clark amendment results in making an exception of subsidies for minerals, that is for the mining program, whatever it may be, broadly speaking, and also the subsidy with respect to the transportation program, broadly speaking. The inclusion of the George amendment results in excepting those two subsidies. It restores those subsidies. I agreed to the inclusion in the Clark amendment of the George amendment, because a similar provision was contained in the committee amendment. The George amendment is in effect a ratification of subsidies for those two programs, one in the West and one in the Northeast.

Except for those two programs the Clark repealer eliminates section 2 (e) from the law and there is nothing else in the law dealing with the O. P. A., and I am fairly familiar with it, which authorizes the payment of subsidies for any purpose. Therefore I submit to the calm reasoning of Senators who are really interested in knowing what is being done, that all other forms of subsidies authorized in the O. P. A. law would be repealed and eliminated by the Clark amendment.

What authorizations would the Senator's amendment repeal? I hope to submit what I am saying to the cool judgment of Members of the Senate who some day must look back upon their record on this tremendously important issue. First, the Administrator of the O. P. A. is authorized by means of sub-

sidies to buy or sell or store or use such commodities as he deems necessary to obtain the maximum necessary production thereof.

There is the authority under which the Administrator may buy commodities and sell, even at a loss. There is the authority under which sustained production prices are guaranteed in order to increase production. There is the only authorization in the O. P. A. law for such subsidies to increase agricultural production.

That is the first. The second is:

Or otherwise to supply the demand therefor.

Store them up, buy them, hold them for distribution in times of emergency, times of great need for food, if such action is thought best in the public interest. There is the authority.

Third—and listen to this, Mr. President:

Or make subsidy payments to domestic producers of such commodity in such amounts and in such manner and upon such terms and conditions as he determines to be necessary to obtain the maximum necessary production thereof.

By agreeing to the Clark amendment, the Senate would be repealing those provisions.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. BANKHEAD. Yes; I yield. I do not want to misrepresent the meaning of the Senator's amendment; the Senator knows I do not want to do that.

Mr. CLARK of Missouri. Yes; and I certainly do not wish to interrupt the trend of the Senator's argument. The Senator certainly does not claim, however, that such an order as the one issued by Mr. Elkinton as to meat production was for the purpose of increasing production; does he?

Mr. BANKHEAD. Oh, Mr. President, the Senator knows he is trying to sidetrack me.

Mr. CLARK of Missouri. No; I am not attempting to sidetrack the Senator.

Mr. BANKHEAD. I am not discussing the subject to which the Senator has just referred. I am discussing the legal effect of agreeing to the Clark amendment.

Mr. CLARK of Missouri. That is exactly what I am attempting to discuss. If the Senator does not want to reply to my question, of course, he does not have to do so.

Mr. BANKHEAD. Mr. President, I have the floor. I am endeavoring to direct the attention of the Members of the Senate to this question, and to appeal to their best judgment.

Mr. GEORGE. Mr. President, will the Senator yield to me?

Mr. BANKHEAD. I am glad to yield to the great senior Senator from Georgia.

Mr. GEORGE. I understand the Senator's position to be that, so far as the Price Control Act is concerned, the language under consideration would eliminate the authority which the Senator from Alabama has enumerated. However, the Senator from Alabama does not mean to tell the Senate, does

he, that there is no other authority under other valid acts for Government corporations to go into the market and buy, and hold, and so forth?

Mr. BANKHEAD. No; I have confined my remarks to the O. P. A. law, as I know the great mind of the Senator from Georgia noted.

Mr. GEORGE. I did note it, but I did not want the Senate to gain the impression that there were not already other agencies which could buy the same things which could be bought by the O. P. A.

Mr. BANKHEAD. The authority of the other agencies is not so broad, let me say to the Senator.

Mr. GEORGE. I am glad it is not.

Mr. BANKHEAD. So the elimination of the authority of the O. P. A. would restrict the legal authority to use the funds of the corporation for the purpose of securing adequate and necessary production.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. PEPPER. If the Congress were to establish a policy disapproving of buying and selling for such purposes by the O. P. A., another administrative agency might be deterred, and properly so, from indulging in such buying and selling; might it not?

Mr. BANKHEAD. I think so.

Mr. GEORGE. Mr. President, I do not want to interrupt the Senator in the development of his thought—

Mr. BANKHEAD. I am always glad to have the Senator from Georgia interrupt me.

Mr. GEORGE. I think the Senator from Alabama knows, and the Senator from Florida should know, that there is no opposition here to the payment of subsidies to increase production, to bring about greater production. What we are fighting against is a system which disrupts production, throws out of balance all our price adjustments, and in the long run results in less and less production.

Mr. REED. Mr. President, will the Senator yield?

Mr. BANKHEAD. Certainly, I yield; I am always glad to yield to my good friend the Senator from Kansas.

Mr. REED. I thank the Senator very much; I have the same feeling toward him. I desire to ask him a question, and to make an observation.

Mr. BANKHEAD. I am glad to answer a question. I hope the Senator's observation will not be very long, because I am anxious to have the Senate vote on the amendment.

Mr. REED. I hold in my hand a copy of the CONGRESSIONAL RECORD for Tuesday, January 27, 1942. On page 703, at about the middle of the second column, Mr. Brown, then a Member of this body, now the Price Administrator, made the following reply to the Senator from Wyoming:

Mr. BROWN. That is what I was about to do. In the first place, no power can be exercised under subsection (e) for any purpose other than to increase production or increase the supply.

Mr. BANKHEAD. I am not taking issue with the Senator on that point; but what I am saying is that the amendment of the Senator from Missouri would repeal the right of the Price Administrator to use the money in the form of a subsidy to increase production.

Mr. CLARK of Missouri. Mr. President, will the Senator yield on that point?

Mr. BANKHEAD. Yes; I will yield when the Senator from Kansas has concluded.

Mr. CLARK of Missouri. Of course, I do not want to take the Senator from Kansas off his feet.

Mr. REED. I desired to ask the Senator from Alabama a further question. I think the Senator from Alabama in his statement unduly narrows the authority under the Clark amendment, as compared with the authority under his own amendment.

Now let me ask the Senator from Alabama what would happen when the O. P. A. spent the \$500,000,000 which the Senator's amendment would provide? Let me call the attention of the Senator from Alabama to the language:

(c) The Reconstruction Finance Corporation is authorized to borrow not to exceed \$500,000,000, and to use or allocate any part of said sum prior to July 1, 1944, to pay subsidies or purchase commodities for the purpose of selling them at a loss—

This is the point about which I wish to ask a question of the Senator from Alabama:

All commitments heretofore made for such purposes shall be fulfilled out of the sum authorized herein, and no further commitments shall be entered into hereafter with any producers, processors, manufacturers, or distributors which cannot be fulfilled out of said sum.

I want to ask the Senator from Alabama if his own amendment would not deprive the O. P. A. of any authority to do anything of that kind after the \$500,000,000 had been spent.

Mr. BANKHEAD. Mr. President, the Senator is eminently correct.

Mr. REED. The amendment of the Senator from Missouri would hardly go any further than that.

Mr. BANKHEAD. Oh, yes; the Senator's amendment would cut off the program, and would end all programs which have been entered into. This is the essential difference.

Mr. REED. Mr. President, I thank the Senator very much for yielding to me.

Mr. BANKHEAD. In the meantime, my amendment would provide an opportunity to conduct an experiment such as that which Canada has conducted or that which Great Britain has conducted, but would require the O. P. A. to come back to Congress if it desired to follow a procedure of that sort.

Since the Senator has stated that the subsidy has done no good, let me say that it has not done any good in this country because it has not had time to do it.

I hold in my hand a chart which was submitted to the Committee on Banking and Currency. It is a chart of the

retail food prices in Great Britain, in Canada, and in the United States. It shows that in the United Kingdom, since 1939, there has been a 20 percent increase in food prices. In Canada there has been a 27 percent or 28 percent increase. In the United States there has been a 45 percent increase. Those figures show the difference in the control of prices in the three countries. In Canada 62 percent of all agricultural commodities are under a subsidy program.

Mr. President, what are we doing when we repeal the authorization in the price-control act? The word "subsidy" is used in section 2 (e) of the act. We tried to use it to increase necessary production. What does "subsidy" mean? That is a question which we often hear. I find the following synonyms for "subsidy": "Aid; allowance; bonus; bounty; gift; grant; indemnity; pension; premium; reward; support; subvention; tribute." They are all synonyms of the word "subsidy," which is used as a broad expression to cover every form of aid.

Under this amendment, so far as the O. P. A. law is concerned, all subsidies—whatever the word "subsidy" comprehends—except subsidies in the transportation of oil and coal, and subsidies to the mining interests of the West, would be terminated. Those two exceptions have been made. I think I know the reason why, but I will not state it. Those two forms of subsidy have been approved, and all others are condemned.

Mr. President, I shall consume very little more time, because I have been here long enough to know a situation when I see it. What would be the result of repealing all subsidies except those granted for the transportation of fuel to the North and Northeast, and those granted to miners in the West, which are two worthy causes? Who would be helped and who would be hurt? Why are we all so disturbed over the question?

Why are we not more selective in the matter of our support of subsidies than we have been in the past? We have not condemned them all in the past. As every Senator knows, each Member has voted for whatever subsidies appealed to the interest with which he was concerned. We have voted for subsidies to help our own sections of the country, or to help some interest which had a peculiar local appeal. Practically all of us have voted for such subsidies. I do not say that we all did. There are always some exceptions; but heretofore we have not condemned subsidies in the form of parity appropriations, or soil conservation payments, or the food-stamp program, which became so popular.

Subsidies for numerous other worthy causes have been presented to the Senate, and in the main we have voted for them, not because they were subsidies but because we believed in the particular activities concerned.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.



Mr. AIKEN. Did I correctly understand the Senator from Alabama to say that we have voted out the stamp plan?

Mr. BANKHEAD. No. I said that we voted it in.

Mr. AIKEN. We voted it in.

Mr. BANKHEAD. It was a subsidy.

Mr. AIKEN. It worked.

Mr. BANKHEAD. I am in favor of it.

Mr. AIKEN. We should have it today, so that we could subsidize the poor people without subsidizing millionaires.

Mr. BANKHEAD. I agree with the Senator. I have always supported it. However, Senators have spoken with great eloquence and oratorical power in denunciation of all sorts of subsidies as a wrong principle of government. I respect a man who holds that view. Some of my best friends are of that persuasion. I do not condemn any Senator for it; but I do not like to have him become too loud about it, when he has been voting regularly for subsidies which appeal to him.

Mr. AIKEN. Mr. President, if the Senator will further yield, I wish to say that I believe that the stamp plan is a proper method for applying subsidies, because the subsidy is applied only to those who need it, and not to those who do not need it.

Mr. BANKHEAD. The Senator is correct. I hope the principle to which the Senator has referred will not be condemned, because I favor it.

Mr. President, who would be injured? Certainly not the farmer. This is not a program in which farm prices are involved. The bill would neither increase nor decrease farm prices through the subsidy. As I have frequently stated, this is a consumers' bill, in an effort to adjust prices which the Price Control Administration believes have become maladjusted—prices of the essentials of life, such as meat and butter, fats and oils, which the Administration believes have become maladjusted. I have not gone into the question, so I do not know; but the Administration believes that such prices have become maladjusted. I know that the prices of such commodities have continually risen, and that they are above the level of other commodity prices to such an extent that they have attracted the attention of the people.

This effort is frankly confined to meat, butter, and coffee, and nothing else. The Administration admitted that it had made a mistake in not stopping those prices at the point to which it now proposes to roll them back. The Administration frankly stated that there was a division of opinion within the circles which control those activities. There was great pressure from producers to allow prices to rise, and they were permitted to rise. Now it is sought to put them back to the point where they should have stopped in the first place, so far as the consumer is concerned. Ample protection has been provided to the producers of livestock and to dairymen. It is sought to obtain some benefit for consumers by reducing the prices of essential foods. At the same time the Administration is saying, "We will not roll back prices to the growers of cattle or the producers of butter." How can we

give to the poor people of the country the benefit of more reasonable prices for food commodities without rolling back the prices?

No one denies that the O. P. A. have the power to roll back prices without the payment of any subsidy. Without the payment of any subsidy they can fix prices. At present they can order a complete reduction in the prices of these three commodities all the way back to the producer, and including the producer. To avoid any disturbance of the financial situation and the income of the producers of these commodities, and so as not to discourage production, it has been said that there is but one way in which it can be done. If we give the benefit of lower prices on these commodities to the people of this country, to the consumers, and do not take that reduction out of the producers, there is but one way by which to accomplish the desired result, that is, by paying the man in the middle, whose cost is such that he cannot stand the reduction in the price, a bonus in order to protect the producers as well as the consumers.

Mr. AIKEN. Will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. AIKEN. When the Administration officials say that they will not pay any subsidy to one processing less than 1,000 pounds of butter or 4,000 pounds of meat a month, how can anyone say that that roll-back is not being turned back onto the farmer, or the group of farmers which is least able to stand it, namely, those who produce less than 1,000 pounds of butter or 4,000 pounds of meat a month?

Mr. BANKHEAD. I do not know the facts, but they are minor when compared to the whole problem.

If the amendment of the Senator from Missouri [Mr. CLARK] shall be defeated, it is my intention to offer the following amendment to the section providing the \$500,000,000 authorization:

*Provided*, That no reduction shall be made in the price paid to the owners of livestock on account of or as a result of any reduction or roll-back in the price of any commodity with respect to which subsidy payments are made, and the Reconstruction Finance Corporation shall issue suitable regulations to prevent any such reduction in the price paid to the owners of livestock.

Those in authority have already put that regulation into effect. They were slow in getting it out. It naturally resulted in confusion in the markets because they did not have the money ready, and they did not have the regulations out in time. The program was ill-advised and poorly managed. But now they have made the regulations available—I have a copy of them on my desk—which provide that none of this subsidy shall be taken from the producers. However, I have provided for that in the amendment. I have the power to add it to my amendment, and will do so if I have the opportunity. So there can be no question about the roll-back on the farmer. Let us eliminate that idea, and make certain of it by a provision in this bill if we ever have an opportunity to do so.

There is only one question left, Senators, and that is whether you are op-

posed to a roll-back even when it does not cost the producer anything. That is all there is left.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. AIKEN. Will the Senator guarantee that he can write a bill which will return to the small farmers a subsidy on meat and butter even though they make but 10 pounds of butter a week, or sell only 300 pounds of meat a year? The Government agencies have confessed their inability to work out the mechanics for doing that, and if we fail to do so we shall be committing a terrible injustice to half our farmers, who are guilty only of the crime of being poor and small.

Mr. BANKHEAD. I cannot guarantee any legal work to the satisfaction of the Senator from Vermont. I am talking about broad, general principles, and trying to make the situation clear to the Members of the Senate, notwithstanding the clouds of dust which have been kicked up, and the storms which have blown against this administration, against the O. P. A., against the President, and against Jesse Jones. I shall not go into those matters. I am not considering them. The Senate knows that I use my own judgment on all the issues which are presented here.

I want to make it clear, Mr. President, to the Members of the Senate, that if they vote for the Clark amendment they will not be voting for any protection to the farmers. They will not be doing any injury to anybody unless it be to the taxpayer. My good friend, the Senator from South Carolina [Mr. SMITH], told the truth about it when he said that the only person injured in this whole situation—and he is firmly opposed to what is being done—is the taxpayer. That is true. The bonus comes out of the taxpayers.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. GEORGE. I do not wish to take up any time in argument, but if the cost of living to industrial workers should be reduced by 10 percent it would be equivalent to an increase in their wages of 10 percent. At present the trouble with the farmer is the wide disparity between his capacity to employ labor to carry on his operations, and the capacity of other groups to employ labor to carry on their operations. I do not understand why it is, when we are doing better in this country than we have ever previously done, that we cannot pay for what we eat as we go along. Instead, we want to sell Victory bonds next year to pay for the food we ought to be paying for this year so as to allow the farmer to receive a fair price for his products.

Mr. BANKHEAD. I have very much sympathy with what the Senator has said. I have made an argument along the same line, that the wages of industrial workers are entirely out of line with those of the farmers.

Mr. President, I have before me a statement from Dr. Townsend, which came to me yesterday unsolicited. No man in this country is better known as a

friend of the poor old people. I wish to read the statement, which is as follows:

If such groups as organized labor and the farm organizations can envision betterment from a roll-back of food prices, and subsidies to producers, the people I represent, I am sure you must agree, are much more in need of reduced prices.

Most groups of our citizens have experienced increases in income to somewhat balance off price rises, but among the older citizens of America the war boom has brought greater poverty and even starvation.

My organization has tried by every conventional means to impress upon the proper authorities in this Congress that old-age assistance payments, by which some three and a half million people must live, is not sufficient to allow these folks to exist.

Without any searching investigation of my statement, the very figures definitely prove that I am not overstating the case. Look at them. The average old-age assistance payment is \$21.83, and I quote that figure from the Seventh Annual Report of the Social Security Board, page 80. This is only a 3-percent increase over payments during the previous fiscal year.

Yet, gentlemen, the Bureau of Labor Statistics of the Department of Labor, on April 8, this year, sent me data showing that food costs have increased 42.9 percent since August 15, 1939, and 36.6 percent since February 15, 1941. The cost of clothing has increased 25.5 percent during the same period of time.

Thus, you can see that these people on old-age assistance have actually had their income reduced more than 25 percent already, and prices are still going higher.

Before this price climb started, these folks were living at a below subsistence level. Now, I assert, the older citizens of the country are practically starving. Malnutrition is rampant, sickness is widespread, and adequate housing these days is practically nonexistent.

You, gentlemen, of course, cannot deal directly with the problem of increasing pensions or correcting the present old-age-assistance situation, but I am sure you are interested in the plight of this segment of the population for whom my organization is fighting.

You can help us by pushing the prices of food back toward the normal point. We are strongly in favor of any help you can give to those of our citizens on fixed incomes. They are helping, each in his own way, to win the war, but the so-called war boom has reacted against them rather than for them.

As individual Members of the Senate, you can also help us by giving some consideration to the plight of these people who are the mothers and fathers and the grandparents of the soldiers in training or overseas.

I am one of the advocates of the old phrase "charity begins at home." We are rightfully doing our share in feeding our allies in this war, but I believe we should give consideration to the morale of our own people first. When we have people suffering from lack of proper food in the United States, it is hollow mockery to talk of freedom from want for the entire world. Let's keep our own from starvation, and give our allies everything we can beyond that point.

In conclusion, let me quote from a letter I have just received from Mr. Gus Bixby, of Shell Lake, Wis., which expresses a lot in a few words. He says:

"I have worked hard all my 63 years and helped to carve two good farms out of the Wisconsin wilderness, one of 165 acres and the other of 120 acres. The land was covered with brush and timber when I went to work on it, and now it is producing food and paying taxes. I am about through, however, as I am crippled quite badly from rheumatism. \* \* \* There has been no war boom for the old and poor. It is really worse now than

before the war. Is there a chance for a decent pension bill being passed at this session of Congress?"

That letter, gentleman, is only one of thousands I receive each year, all of them in about the same vein. These people were the builders of the America we love. They were toilers who carved out the foundation of this great Nation. They deserve more consideration than they have received, and any action you may take here to roll back prices will help them a great deal.

In conclusion, I may say that there are many millions of people in this country whose income is not increased in the slightest, not only the aged, not only the pensioners, but all in the social security organizations are in that situation, school teachers, widows, firemen, policemen, countless groups of large numbers, clerks in stores, stenographers, workers in offices. Wherever we find the plain, everyday, white-collar workers, we find them not only with taxes to pay in increased amounts but without increases in their incomes, such as industrial workers are receiving, and they are bowed down with additional burdens and loads which the Government has imposed on them. Therefore, if we can give them something, if we can give something to one who does not need it, even, and does not want, if we can give that group a reasonable reduction in the cost of the food they are obliged to eat in order to maintain their lives, I submit that we should go as far as we can in order to do it.

If I thought the pending bill would injure in the slightest degree the farmers, or any group of them, if I thought it had any tendency to reduce their income or change their financial status in any way, I would not give it my support under any circumstances. I feel sure that I have abundantly manifested, on this floor and in the committee rooms, my loyalty and my devotion to agriculture and agrarian groups in the United States. But this hullabaloo about hurting the farmer, when his income is not reduced a penny, and cannot be—and I propose to make it certain that it cannot be—does not disturb me, even though some of my best friends in the farm group are opposed to the program. I do not agree with them, and I am obliged to follow the dictates of my own judgment and conscience, but I am clear that there is nothing in the bill injuriously to affect in the slightest degree, in the slightest way the welfare of the farmers of the United States.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Megill, one of its clerks, announced that the House having proceeded to reconsider the bill (S. 796) relating to the use and operation by the United States of certain plants, mines, and facilities in the prosecution of the war, and preventing strikes, lock-outs, and stoppages of production, and for other purposes, returned by the President of the United States with his objections, to the Senate, in which it originated, and passed by the Senate on reconsideration of the same, it was—

Resolved, That the said bill pass, two-thirds of the House of Representatives agreeing to pass the same.

The message also announced that the House had passed a bill (H. R. 2869) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes, in which it requested the concurrence of the Senate.

#### ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Vice President:

H. R. 338. An act to authorize the incorporated city of Anchorage, Alaska, to purchase and improve the electric light and power system of the Anchorage Light & Power Co., Inc., an Alaska corporation, and for such purpose to issue bonds in the sum of not to exceed \$1,250,000 in excess of present statutory debt limits;

H. R. 2292. An act to amend an act entitled "An act to provide for the use of the American National Red Cross in aid of the land and naval forces in time of actual or threatened war";

H. R. 2409. An act making appropriations for the legislative branch and for the judiciary for the fiscal year ending June 30, 1944, and for other purposes;

H. R. 2612. An act to extend the effective date of the act of December 17, 1941, relating to additional safeguards to the radio communications service of ships of the United States; and

H. J. Res. 131. Joint resolution giving the consent of the Congress to an agreement between the State of Indiana and the Commonwealth of Kentucky establishing a boundary between said State and said Commonwealth.

#### PROHIBITION OF POLITICAL CONTRIBUTIONS BY LABOR ORGANIZATIONS AND MANAGEMENT ORGANIZATIONS

Mr. HATCH. Mr. President, I ask unanimous consent that I may introduce a bill at this time.

The VICE PRESIDENT. Is there objection. The Chair hears none.

Mr. HATCH introduced a bill (S. 1272) to amend section 313 of the Federal Corrupt Practices Act, 1925, as amended, for the purpose of making the provisions of such section prohibiting political contributions apply equally to labor organizations and management organizations, which was read twice by its title and referred to the Committee on the Judiciary.

Mr. HATCH. Mr. President, I have asked consent to introduce the bill which I have sent to the desk in keeping with previous declarations made by me, when I stated that if a bill such as that which is the subject of the message which has just come from the House, which was passed over the President's veto, should become law, I would introduce a bill putting employer groups upon exactly the same basis on which labor organizations were placed by that measure.

I should say that in previous statements I mentioned the National Association of Manufacturers and the United States Chamber of Commerce. Since then I have been advised that both these organizations are corporations, and come under the present law prohibiting campaign contributions by corporations.

Mr. HAWKES subsequently said: Mr. President, in connection with the bill



which has been introduced by the senior Senator from New Mexico [Mr. HATCH], I told the Senator from New Mexico a few days ago that I firmly believed that the same application should be made to chambers of commerce, business organizations, and trade associations throughout the United States that we are making to labor organizations. I think it would be for the good of decent politics throughout the United States if we could stop all organizations which are collectors of vast funds from making political contributions. In fact, I am one who believes that a certain political contribution which was made a few years ago has led to much of the confusion we have been discussing in the last few weeks in connection with the Connally-Smith bill.

I want the Senate to know that I believe that unless and until all groups in our American life are willing to accept the same regulations and the same responsibilities, we will never reach a point where we have statesmanship in this Nation, and clean, decent politics. I know the Senator from New Mexico is very much interested in clean politics.

#### HOUSE BILL ORDERED TO LIE ON THE TABLE

The bill (H. R. 2869) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes, was read twice by its title and ordered to lie on the table.

#### CONTINUATION OF COMMODITY CREDIT CORPORATION

The Senate resumed the consideration of the bill (S. 1108) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes.

Mr. GEORGE. Mr. President, it may be that we will not reach a vote on the pending matter tonight, and I should like to have printed in the RECORD an editorial by the Honorable Tom Linder, commissioner of agriculture of Georgia, which bears directly upon the question of subsidies. I commend it to the attention of Senators.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

#### FAIR PRICES—NOT SUBSIDIES—WILL INCREASE PRODUCTION

In 1940 according to the Government census there were 29,000,000 people on the farms of the United States.

There were approximately five people on an average on each farm, constituting about 6,000,000 families.

These 6,000,000 families also contained many old people, invalids, babies, and, of course, the farm housewife, whose time is largely consumed with family cares.

If we assume that in 1940 each farm family averaged two full-time field hands we will be making a very liberal estimate.

If 6,000,000 families had 2 farm hands to each family there would have been 12,000,000 farm hands in the United States in 1940.

Since 1940 several million of these farm hands have joined the fighting forces of our country. A great many more have gone to accept employment in war factories and other high-paying industrial jobs.

It would be a very conservative estimate to say that 4,000,000 out of the 12,000,000 farm hands in 1940 are no longer on the farm. This leaves only 8,000,000 farmers to produce crops for the Nation.

#### ONE SOLDIER FOR EACH FARMER

With 8,000,000 farmers and 8,000,000 men in our armed forces it is apparent that every hand in the field has 1 fighting man dependent upon him for food and other agricultural supplies.

#### SEVENTEEN PEOPLE DEPEND ON EACH FARMER

The population of the United States today is in excess of 136,000,000 people.

With only 8,000,000 farm hands it follows that each farm hand must provide for 17 people of the United States to say nothing of our allies in other countries.

There are 17 people in this country who cannot eat if one farmer fails to make a crop.

#### RED TAPE, RULES, AND REGULATIONS

When this farmer starts out to make a crop he cannot buy his seed and fertilizer except under rules and regulations governing the distribution of fertilizer and some seeds. He cannot plan or plant his crop except in accordance with rules and allotments of the Triple A.

The farmer cannot obtain equipment for producing a crop until he obtains certificate from the war board. After he secures certificate he may be unable to find the equipment he requires.

When he is ready to market a crop the Office of Defense Transportation has many rules and regulations with which he must comply before he can haul his crop to market.

After he hauls his crop to market he comes in conflict with the Office of Price Administration. Very often it is necessary for him to go to the Office of Price Administration to find out how much money he can accept for his crop without being a criminal.

Many times it is necessary for the farmer to sell to a trucker in order to have any market at all. The trucker is likewise under many rules, regulations, and taxes. The trucker finds himself continually on a hot spot because of countless rules and regulations of the Office of Price Administration, the Office of Defense Transportation, the United States Department of Agriculture and the Interstate Commerce Commission.

Whichever way the farmer turns and whichever way the trucker turns he faces more rules and regulations.

What has been said with regard to rules and regulations on farmers and truckers apply with equal force to merchants and dealers who handle farm produce.

#### FAIR PRICES—NOT SUBSIDIES—WILL ENCOURAGE PRODUCTION

As I traveled over the State last week visiting many of the best farm sections in the State and other sections of Georgia to inspect the State farmers markets, I found the farmers had planted every field possible.

They were short handed, labor was scarce and practically unobtainable, but these patriotic farmers just worked a little harder. They were out of bed before daylight and didn't come in from the fields until it was too dark to see how to plow.

Driving by night I found many fields of grain being cut by the light of headlights on combines. Long as the days are, they were not long enough to get the grain cut and too few combines were available so they were cutting the grain at night.

They were not counting the hours. The only thing that mattered to them was that

our country was at war and they were supplying the ammunition for our fighters overseas. They were helping to feed those at home and those overseas.

Their boys who generally helped them harvest the grain and till the fields were in Africa, New Guinea, India, and in many other places where their country needed them.

They thought of these boys as they worked, thought how their boys fought at times 24 hours of the day and night and they wiped the sweat off their brow and doggedly kept at their tasks.

All that the farmer wants is a fair price for what he produces so he can continue to produce adequate crops for his country. What the country needs basically is production and more production. The payment of subsidies to processors or others will not encourage or help the farmer to get maximum production.

The payment of subsidies means higher taxes, more Government employees, higher prices in the end to consumers, lower prices to the farmers, and less production.

Fair prices to farmers means increased production, more business for businessmen, lower prices to consumers, more food and clothes for the people in this country, and above all, adequate supplies of food and clothing for our boys overseas.

Put General Farmer in command of agriculture, remove all restrictions, give him a fair price and let's win the war.

TOM LINDER,

Commissioner of Agriculture.

Mr. PEPPER. Mr. President, I was very much gratified in listening to the very able address by the distinguished senior Senator from Alabama [Mr. BANKHEAD], because everyone knows that there is not a Member of Congress whose record of support of farm legislation, and whose efforts to improve the lot of the farmer, is better than that of the Senator from Alabama.

We have all been the recipients of protests against any form of subsidy for agricultural commodities, due to the belief, apparently, on the part of the producers of such commodities, and especially foodstuffs, that they should be allowed to get more for what they produced, and that somehow it would be inimical to their interests if they were to get their return, which is the cost of production plus profit, from a subsidy.

I was glad to have the able Senator from Alabama point out that he, as the leader of what is called the farm group of the Senate, and generally the spokesman for that group, was in favor of defeating the Clark amendment, which, as modified, is now before the Senate.

Mr. BANKHEAD. I do not speak for the farm group in that matter.

Mr. PEPPER. I said generally.

Mr. BANKHEAD. The farm group is opposed to it.

Mr. PEPPER. I am always willing, insofar as my votes on questions affecting agriculture are concerned, to follow the lead of my distinguished friend, the Senator from Alabama, and I am willing to do that in this case.

I consider the vote the Senate is about to take one of the most important it will take for some time or has taken in the recent past. We have to do one of three things, it seems to me, relative to the present situation. Either we must break the line on prices and let prices begin an

inflationary spiral or we must deny to producers a fair return, let alone a margin of profit, or we must make possible some form of aid in the form of a subsidy. I have not heard anyone successfully deny that position.

It is all right for one to have one's opinion as to the best way to meet the problem, and I commend the integrity and the intellectual honesty of those who say, "We are not in favor of curbing farm prices." They might even say they do not think they are high enough at present. They might say, as the able Senator from Georgia said a few minutes ago, that the workers ought to be able to pay for the food they eat out of the wages they make.

Mr. President, there is a bit of fallacy which creeps into that position, of which we are sometimes not aware. Those receiving the high wages do not constitute all the consumers of this country. As a matter of fact, there are relatively few of the total number of employed persons who are benefiting from high wages in the way that the war workers in the airplane factories and the shipyards are benefiting.

In September of last year I had in my possession figures which I believe to be accurate when a kindred subject was before Congress. At that time I discovered that in the manufacturing industries, which employ 11,000,000 workers, there had been an increase in wages; in fact, the real average weekly earnings increased 29.8 percent. But, Mr. President, that represented only 11,000,000 workers. Their gross increase was 52.7 percent. If that were true of all workers, then I would be agreeable to seeing agricultural prices go up relatively, or even slightly in excess of a comparable increase in wages. But that is only a part of the picture, for in another group, in the transportation and public-utilities field, the gross weekly earnings increased only 19 percent, and the real average weekly earnings increased only 1.1 percent since 1939. The average hourly earnings increased only 12.9 percent, and the real hourly earnings decreased 4.1 percent.

Mr. President, it is not only the war worker in the shipyard or in the airplane factory who must buy foodstuffs. The group of workers engaged in transportation and public-utility employment must be fed as well, and it has lost instead of gained in the matter of wages.

In trades and related establishments, including shop girls and clerks and storekeepers and others in similar categories, the weekly earnings increased 11.1 percent, and the real average weekly earnings declined 5.6 percent. In other words, in that classification the wages have been reduced a little more than 1½ percent. There has been no increase for that group since 1939.

What about the Government workers? I am not only talking about the Federal employee who receives his 10 or 15 percent increase, but I am talking about those who work for the city or the county or the State. Their salaries and wages have been cut since 1939. Their average hourly earnings increased 4.3 percent,

but their real average hourly earnings decreased 11.5 percent. From August 1939 to the summer of 1942 their wages and their salaries therefore diminished.

Mr. President, there is another group which is entitled to our consideration, and that is the group composed of seven and a half million persons who make less than 40 cents an hour, one-half of whose total income goes to the purchase of food. They, too, have to pay the increase in the cost of foodstuffs.

So what we often forget, and what the farmers often forget, is that when the ceiling price on foodstuffs is increased the increase is not alone being paid by the shipyard worker, or the airplane worker, or the other worker who is in the relatively small group which has received the large wage increase, in many instances disproportionately high, but the increase in food costs has to be paid by every man, woman, and child in the Nation who is a consumer. That is the reason, Mr. President, why we cannot raise prices for foodstuffs the way all of us would like to raise them.

It may be said, "Very well, does that mean you are not in favor of the farmer receiving a fair price for what he produces, a fair return upon his investment, a fair return for his labor?" Not at all. Nor does it mean that the farmer's income should be limited to what the consumers of the Nation as a whole can afford to pay. That is not a necessary limitation upon the farmer's income. It is not a limitation in England. I imagine most Senators have read the very able articles written by Mr. Walter Lippmann, for whom I have high regard. He pointed out that early in the war the authorities in Great Britain resolved that they would not limit the farmer and the producer to what the consumer was able to pay in wartime. What did they do? They resorted to a form of subsidy to the producer to give him a sufficient return in the first place, and an adequate incentive in the second place.

I wish to see adequate food for the people of this country and for our armed forces abroad as well as at home; I desire that we shall use food as a weapon against the enemy; but we can be assured of an adequate supply of foodstuffs only by giving to the farmer and to the producer not only a fair return, but a sufficient incentive to encourage the venture of food production.

Mr. President, I am not willing to go into all the homes where there have not been wage increases, and say to those who live in them, "You must use the larger part of your gross income to buy milk for your child in order that the farmer may receive a fair return."

A delegation of dairymen from my State have for several days been in conference with my colleague and me. They have been pleading and begging the Government to give a larger return for milk both to the producer and the distributor. One cannot listen to what those men say without being convinced that their cause is just. They tell us that feed costs have increased. They speak about the increase in the cost of labor.

They say farmers are selling their herds, that their herds are being killed for beef, and that they must receive help or they cannot continue to produce milk for the people of Florida. What are we going to say to them? They want 8 cents a gallon increase in the price of milk; 2 cents a quarter. That means that every baby's milk will cost its mother, its father, or its guardian more money. If all the milk went to the shipyards in Jacksonville and Tampa and Panama City, if it went to the manufacturing workers who receive high wages, I would give the requested increase to the dairymen in a minute, or perhaps an increase of more than 8 cents a gallon. But when the granting of such an increase means that 1,800,000 people must pay more for milk, we face a very serious problem. Yet I do not want to send those men home with no succor whatever.

The chairman of the State war board sent a telegram saying that the dairy industry must receive more money or it cannot remain in business. How can one ignore such a statement by so responsible an officer?

What I said to those men was, "Gentlemen, I am convinced that we must provide some form of subsidy for you in order that you may obtain an adequate return." One of them said, "You know that the payment of subsidy is not an American principle." But, Mr. President, we are engaged in a war, and that has brought about an emergency, and we are doing many other things we do not like to do. We are confronted by the problem as to which of three courses we shall follow; and we cannot ignore it. Either we are going to break the line on ceiling prices for foodstuffs, and wreck the whole Government effort to keep down the spiral of inflation, or we are going to deny to our producers not only a profit but a fair return on their money, or we must lend them some sort of succor or support by means of some kind of Government aid or assistance. I do not know how those questions can be avoided. The question is, Which one of the three is the least objectionable?

I say very readily that I sympathize with the struggle the President has in trying to handle the difficult labor situation. We will not be sitting up there in the White House, as he will be, with his responsibilities in the days and in the nights when conditions will be growing worse. I can even envision a lonely man, another Lincoln, sitting in the White House and wondering with troubled heart and praying for guidance and assistance as he tries to lead, not only his nation, but the world through the ordeal we are facing. But he must handle that problem. We will make it more difficult for him if, when we vote, we prohibit the Office of Price Administration from using the weapon and method of subsidy to handle price control in the United States during the war. For the workers are going to demand more, and the President has that problem on his hands; and it will be aggravated and accentuated if we prohibit the use of subsidies.



So, Mr. President, it seems to me we might as well directly face the issue. Do we want to use the power of the Government by way of subsidy in order to guarantee to the producers an adequate return, and give them an incentive to produce food?

What would be obtained by adopting the Clark amendment as modified? All we would do would be to divest the Government of the subsidy instrument. We would not assure the farmers a price increase. The dairy farmers would not have any assurance that they would get a price increase. The poultry industry, which is making a similar claim, would get no such assurance, either. All we would do would be to tie the hands of the Government, without ourselves taking the responsibility for inflation.

If Congress wants to pass a resolution saying, "We do not believe in holding the line; we desire to see prices rise; we will not let you use the instrument of subsidy as a control"; very well. Then the Office of Price Administration might as well go out of business, and might as well say it had been destroyed by its creator, the Congress. If that is desired to be done, well and good. We have the right to do it; we have the power to do it. However, Mr. President, we are not children. We know the inevitable effect of our acts, or we should know it; and we are held responsible for our acts. If we deny to the O. P. A. the power to use the subsidy as one of the weapons in fighting inflation, it will lose the battle, or our producers will lose a part of their economic hides.

So, depending upon how we vote, we will take the responsibility in one way or the other. If we reject the Clark amendment as modified, what will be the situation? The situation then will be that we can consider the amendment of the able senior Senator from Alabama, speaking for the Committee on Banking and Currency, or we can consider the amendment offered by the able Senator from Wyoming [Mr. O'MAHONEY], who proposes to use a subsidy in another way, or we can consider ideas and suggestions which other Senators may offer.

Personally, I do not favor paying a subsidy to the processor. The farmers believe that they will never get the benefit of a subsidy if its payment is confined to processors alone.

After the Clark amendment is rejected, if it shall be rejected, and when we have a chance to determine what is the best kind of subsidy and the best method of subsidy, I shall vote for that form which will give the subsidy to the producer, personally. I am in favor of doing that. The producer is the man who is getting the assistance under the existing soil-conservation laws. Under the parity payments, the check is given not to the processor but to the man who complies, or to the farmer whose income has not been up to parity.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. AIKEN. Do I correctly understand the Senator to say that he would vote for canceling the regulations already issued by the Defense Supplies Corporation which prohibit the payment of sub-

sidies to anyone who processes less than 1,000 pounds of butter or dresses less than 4,000 pounds of meat a month?

Mr. PEPPER. I certainly do say so, and I hope the Senator will join me in voting to do that.

Mr. AIKEN. I certainly shall. Such assistance should be given to the persons in the lower half of the economic scale. However, no such arrangement has been made so far; and the agencies confessed to us that they do not see how mechanics could be set up to provide assistance for all the small producers. But that must be done.

Mr. PEPPER. Mr. President, I realize it is difficult to get the assistance to the small producers. Perhaps that is one of the reasons which led the O. P. A. to deal with the large producers. But, again, that is a detail of administration.

If we can give the farmer rural free delivery, soil-conservation payments and parity payments, if we can send allotments to the families of every soldier and sailor that becomes eligible—a number which must total millions—if we can have income-tax returns and victory-tax deductions, if we have a sufficient governmental bookkeeping system to do all those things and many more, I am sure we can work out some administrative machinery which will insure the providing of adequate assistance to the producer by his Government. I commend the Senator from Vermont, for pointing out the necessity for doing that.

Mr. President, I am saying that the power should be placed in the hands of the Government, so that assistance will not be denied to the producers. I am asking the Senate not to adopt the Clark amendment which would completely tie our hands, would condemn the present system of price controls to inevitable failure and destruction, and would throw the whole price administration system into immediate chaos, if our action were joined in by our sister body, the House of Representatives.

If we give the O. P. A. the authority to pay subsidies, it will not go about looking for people who want subsidies. It simply will have that power in its bag—a power it may employ when needed, and when other methods are not available. For instance, consideration might be given to raising the price of milk 1 or 2 cents a gallon. The Office of Price Administration might give the producers a subsidy of 2 cents a gallon and a price increase of 2 cents a gallon, if it thought they were entitled to a total increase of 4 cents. In that way we would simply put another weapon into the hands of the Government in this dangerous warfare against inflation.

If we adopt the Clark amendment we deny to the Government any such power. So, Mr. President, there is nothing un-American about giving such power to the Government. There is nothing inconsistent with our past actions. There is nothing about such a course which would be inharmonious with what we have been doing. There is nothing which would be outside the virtue and the reward of past experience. Such action would not be dissimilar to what the British have been doing, according to our information.

Therefore, I cannot see why there is so much objection and concern on the part of some Members of the Senate at the thought that the power might be continued in the hands of the Government.

I will say in fairness to the O. P. A. that this is not the first time it has asked for help of this sort. I know Congress has been reluctant to grant it. At the same time we are voting to do a great many things we are reluctant to do. I believe that if the Clark amendment is rejected the able Senators who are members of the Committee on Banking and Currency and other Senators interested in the subject can work out the form of subsidy which is most reasonable and proper, and which will more definitely assure that the subsidy will be received by the persons who are entitled to receive it. However, we cannot go on expecting the O. P. A. to hold the line and expecting producers to get a fair return, and not place in the hands of the Government the power to accomplish those desirable objectives. That power the Clark amendment would take away.

Therefore, Mr. President, I hope that the Government will not be deprived of that essential weapon in this most dangerous war against inflation.

Mr. HILL. Mr. President, I wonder if we can obtain an agreement as to a time to vote on the Clark amendment. I do not wish the Senate to take action at this time, because the Senator from Missouri is temporarily absent from the Chamber. I wonder if it would be possible to agree, if the Senate should take a recess at this time until 11 o'clock tomorrow morning, that at not later than 12 o'clock we will vote on the pending amendment, the amendment of the Senator from Missouri, with the time equally divided between the proponents and the opponents of the amendment. I understand that the Senator from Missouri will return to the Chamber in a moment.

Mr. GUFFEY. Mr. President, I have always been opposed to subsidies, but in the present situation three things confront us as Members of Congress. The first is the problem of winning the war. The second is the problem of securing a just and lasting peace. The third is the problem of preventing inflation. For that reason I have changed my position, and will vote for the proposed subsidy. I believe it should be adopted.

Mr. CLARK of Missouri entered the Chamber.

Mr. GUFFEY. Before proceeding further, I should like to ask the Senator from Missouri [Mr. CLARK] and the Senator from Georgia [Mr. GEORGE] a question. If the Clark amendment should be adopted, what substitute have they to offer for the subsidy program? What program has either of them to offer in this situation? I have been working on the problem for some time with packers and food processors. I wonder if either Senator has any program to offer. I was asked by two or three heads of departments to offer a program. I am frank to say that I have none. I have talked with several distinguished and intelligent leaders of the Senate. They have no program to offer.

For that reason I am willing to consider the subsidy program.

Mr. CLARK of Missouri. Mr. President, if the Senator will tell me what he is willing to consider, I shall be glad to listen to his argument. The Senator said he would be glad to consider something.

Mr. GUFFEY. I will vote with the Senator if he has a program.

Mr. CLARK of Missouri. I am interested in what the Senator has to offer.

Mr. GUFFEY. I have no program to offer. I have been thinking about the problem for some time. I have nothing better to offer than a subsidy. I wish to know if the Senator from Missouri or the Senator from Georgia has anything to offer.

Mr. CLARK of Missouri. Is the Senator in favor of a subsidy?

Mr. GUFFEY. I am now; I was not before.

Mr. CLARK of Missouri. If the Senator is in favor of subsidies, that presents a very definite issue.

I believe that an alternate program might be worked out. I am frank to say to the Senator that I do not have such a program at my fingertips at the moment. I think there might be some such system as the Government taking over commodities. Instead of putting a ceiling on agricultural prices, the Government might fix prices on agricultural products and agree to take all agricultural commodities at fixed prices. I am perfectly frank to say that the plan has not been worked out in detail, and I am not prepared to present it.

However, I am very certain that the proposal for subsidies, if adopted, means the end of private enterprise in this country, either as to agriculture or anything else. Therefore, I am against it. It seems to me that the question on which we are to vote in connection with my amendment is the question whether we are going to end private enterprise, so far as agriculture is concerned. If the Senator from Pennsylvania is in favor of ending private enterprise, and allowing Jesse Jones, Prentiss Brown, or anyone else to operate on the subsidy basis without any authority of law, as they now admit they are proceeding, the Senator from Pennsylvania ought to vote against my amendment. If the Senator has a contrary view, as I have, then he should vote for my amendment.

Mr. GUFFEY. I am interested in preventing inflation. I think that is as important as winning the war.

Mr. CLARK of Missouri. I am as much interested in preventing inflation as the Senator from Pennsylvania can possibly be. No later than last October, when the stabilization bill was before the Senate for consideration, I offered a substitute for the bill which would have absolutely stopped inflation.

Mr. GUFFEY. Was it voted upon?

Mr. CLARK of Missouri. Yes; it was voted upon, and the Senator from Pennsylvania voted against it.

Mr. GUFFEY. I have forgotten what it was. What was the nature of the substitute?

Mr. CLARK of Missouri. The Senator's memory is very short. It was a very

simple proposal. Instead of leaving it to the War Labor Board, on one side, and Mr. Leon Henderson on the other side, to pull against each other, I would simply have frozen wages and prices at the highest point reached between January 1 and September 15, 1942. That is the point to which the President, through Mr. Justice Byrnes, has been trying to beat back to through his recent stabilization order.

The Senator from Pennsylvania voted against my substitute. There were only about 20 votes in favor of it, but at that time the Senator from Pennsylvania was not so much interested in stopping inflation as he apparently now is.

Mr. GUFFEY. I am interested now.

Mr. CLARK of Missouri. I, too, am very much interested. Let me say to the Senator that I have been very much interested from the very beginning. When the price-fixing bill came before the Senate, I knew that it would not be effective unless it should provide for over-all control. At that time I talked with Mr. Leon Henderson, and he entirely agreed with me. He entirely agreed with the views which had been previously expressed by Mr. Bernard Baruch, who was probably the ablest authority in the country at that time—and still is—on the subject of inflation.

Mr. GUFFEY. I agree with the Senator in that statement.

Mr. CLARK of Missouri. Mr. Henderson said that he agreed 1,000 percent with me, but that he was under obligation to carry out the policies which might be approved by the "Big Four." At that time the "Big Four" were the Vice President, the Speaker of the House, the majority leader in the Senate, and the majority leader in the House. Mr. Henderson stated that he entirely agreed with the over-all control theory expressed by Mr. Baruch, but that he was not a free agent in the matter. I advocated that very principle on the floor of the Senate. However, I did not receive any support from the Senator from Pennsylvania.

Mr. GUFFEY. I will not deny that the Senator did not receive support from me. Perhaps I was mistaken then. When I make a mistake I am willing to admit it.

Mr. CLARK of Missouri. I am glad to welcome the Senator from Pennsylvania as a very belated recruit.

Mr. GUFFEY. In opposition to inflation.

Mr. CLARK of Missouri. I am very happy to welcome the Senator from Pennsylvania as a very late recruit in the fight against inflation.

#### PROPOSED REPAIRS TO THE SENATE CHAMBER

Mr. GUFFEY. Mr. President, I have been a Member of this body for 8 years. During that time I have learned one thing. What is everybody's business is nobody's business. Now that we are about to take a vacation for a month or two, I think it is time, when we have such a large attendance, to discuss the acoustical properties of the Senate Chamber.

For 8 years I occupied a seat in the rear row on this side of the Chamber.

For the first 5 years I could hear everything. I could even hear everything the mild-mannered and soft-spoken minority leader, Mr. McNARY, said on the other side of the Chamber.

Later the air circulation system in the Chamber was changed to increase the volume of air for cooling purposes. That very noticeably changed the acoustical properties of the Chamber. I moved my seat nearer to the front, hoping that that would enable me to hear better. It did not. I became worried about my hearing, and went to the best experts in Baltimore for a consultation. I consulted the leading aurists there, and found that my hearing had not changed over a period of years.

Then the steel work was erected overhead. Again the acoustic conditions of the Chamber were perceptibly changed.

About a year ago the distinguished senior Senator from Florida [Mr. ANDREWS] presented a report of a special committee which recommended a program for improving the acoustic properties of the Senate Chamber. I should like to have that report produced again. I do not know whether the Senator has it here now. The work recommended to be done would cost some money, and it would take some time, but I think it should be done during the coming vacation. That would be a good time to do it. I shall ask the senior Senator from Florida to present the report again, at his first opportunity. If the repairs were made in accordance with the recommendations contained in the report, I am sure we would be able to hear what was being said in the Senate Chamber, and would not have constantly to call for order. If the acoustical properties of the Chamber were improved we would have better order in the galleries. I believe the plan to which I refer would produce the desired result. About 5 years ago I offered two such plans but the Senate was not interested. The execution of one plan would have cost approximately \$25,000; of the other, approximately \$30,000. Either would have improved conditions to some extent. The plans I offered were submitted before the steel work was erected to support the ceiling of the Chamber.

I hope the senior Senator from Florida will again present the report of the special committee, because I think it is important that the acoustic properties of the Senate Chamber be improved.

#### CONTINUATION OF COMMODITY CREDIT CORPORATION

The Senate resumed the consideration of the bill (S. 1108) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes.

Mr. CLARK of Missouri. Mr. President, I ask unanimous consent that when the Senate concludes its business today it take a recess until 11 o'clock tomorrow morning, and that it be agreed that



a vote shall be taken on the amendment I have offered, and all amendments thereto, at not later than the hour of 1 o'clock p. m. I will include in my unanimous-consent request a request that the time be divided equally, one half to be controlled by the Senator from Alabama [Mr. BANKHEAD] and the remaining half to be controlled by myself.

The VICE PRESIDENT. Is there objection?

The Chair hears none, and it is so ordered.

#### EXECUTIVE MESSAGES REFERRED

As in executive session,

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

#### POSTMASTER—ETHEL G. WOMBLE

Mr. HILL. As in executive session, I ask unanimous consent that the nomination of a postmaster on the executive calendar be considered and confirmed.

The VICE PRESIDENT. Without objection the nomination will be considered as in executive session.

The legislative clerk read the nomination of Ethel G. Womble to be postmaster at Goldston, N. C.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

Mr. HILL. I ask that the President be immediately notified of the confirmation of the nomination.

The VICE PRESIDENT. Without objection, the President will be notified forthwith.

#### RECESS

Mr. HILL. I move that the Senate take a recess until tomorrow at 11 o'clock a. m.

The motion was agreed to; and (at 6 o'clock and 33 minutes p. m.) the Senate took a recess, the recess being under the order previously entered, until tomorrow, Saturday, June 26, 1943, at 11 o'clock a. m.

#### NOMINATIONS

Executive nominations received by the Senate June 25 (legislative day of May 24), 1943:

##### UNITED STATES ATTORNEY

Joseph T. Votava, of Nebraska, to be United States attorney for the district of Nebraska. Mr. Votava is now serving in this office under an appointment which expired May 23, 1943.

Horace Frierson, of Tennessee, to be United States attorney for the middle district of Tennessee. Mr. Frierson is now serving in this office under an appointment which expired March 4, 1943.

##### UNITED STATES MARSHAL

George E. Proudfit, of Nebraska, to be United States marshal for the district of Nebraska. Mr. Proudfit is now serving in this office under an appointment which expired January 26, 1943.

Reuben Gosnell, of South Carolina, to be United States marshal for the western district of South Carolina. Mr. Gosnell is now serving in this office under an appointment which expired June 2, 1943.

#### POSTMASTERS

The following-named persons to be postmasters:

##### ALABAMA

Virginia V. Tucker, Helena, Ala. Office became Presidential July 1, 1942.

William B. Mims, Phenix City, Ala., in place of J. F. Freeman, Sr., deceased.

##### ARKANSAS

Don H. Stalls, Turrell, Ark., in place of D. H. Stalls. Incumbent's commission expired April 21, 1941.

##### CALIFORNIA

Victor F. Vieira, Esparto, Calif., in place of B. L. Rogers, retired.

##### FLORIDA

Hilary T. Stewart, Fort Walton, Fla., in place of S. F. Pryor, retired.

##### GEORGIA

Richard B. Sims, Canton, Ga., in place of A. V. Jones, Sr., resigned.

##### IOWA

Lillian R. Carson, Essex, Iowa, in place of J. O. Bussard, transferred.

Catherine H. Wiggerman, Maurice, Iowa, in place of J. E. Mieras, retired.

##### MAINE

Harold Wayne Allen, Columbia Falls, Maine, in place of W. H. Allen, retired.

##### MASSACHUSETTS

Dorothy M. Armstrong, Hull, Mass., in place of M. P. Murphy, removed.

##### MICHIGAN

John S. Dunsford, Marlette, Mich., in place of F. J. Erwin, resigned.

##### MINNESOTA

James M. McGuire, Rush City, Minn., in place of Henry Schneider. Incumbent's commission expired May 12, 1942.

##### MISSISSIPPI

Hall W. Wilson, Natchez, Miss., in place of William Bullock, deceased.

##### MISSOURI

Wade D. Moody, Pattonsburg, Mo., in place of H. F. Nalle, transferred.

##### NEBRASKA

William Stuart Campell, Waterloo, Nebr., in place of W. S. Campbell. Incumbent's commission expired June 23, 1942.

##### NEW YORK

Don J. Harrington, Cato, N. Y., in place of G. C. Gumaer, retired.

Dorothy G. Mooney, Cicero, N. Y. Office became Presidential July 1, 1942.

Howard G. McGee, Copake, N. Y., in place of H. G. McGee. Incumbent's commission expired June 23, 1942.

W. Franklin Moore, Freeville, N. Y., in place of George S. Hart, deceased.

Alice C. Lewis, Gilboa, N. Y. Office became Presidential July 1, 1942.

Clarence M. Krum, Grahamsville, N. Y. Office became Presidential July 1, 1942.

Arley V. Joslyn, Grand Gorge, N. Y., in place of J. E. Moore, removed.

Jennie Young, Howes Cave, N. Y. Office became Presidential July 1, 1942.

Willard C. Schadt, Jeffersonville, N. Y., in place of F. W. Schadt, deceased.

Francis E. Hughes, La Fargeville, N. Y., in place of L. W. Snell, transferred.

Iva B. Locke, La Fayette, N. Y. Office became Presidential July 1, 1942.

William J. Holbert, Morrisville, N. Y., in place of W. J. Holbert. Incumbent's commission expired March 1, 1942.

Roy Blanchard, Oneida, N. Y., in place of Roy Blanchard. Incumbent's commission expired June 23, 1942.

Julia W. Gurnett, Watkins Glen, N. Y., in place of J. W. Gurnett, resigned.

Donald R. Widrick, Whitesboro, N. Y., in place of C. H. Widrick, deceased.

##### NORTH DAKOTA

William T. Wakefield, Mott, N. Dak., in place of W. T. Wakefield. Incumbent's commission expired June 23, 1942.

##### PENNSYLVANIA

Emma P. Snyder, Leesport, Pa. Office became Presidential July 1, 1940.

Cleona Fritz, Noxen, Pa., in place of L. R. Hackling, transferred.

##### PUEBTO RICO

Jose R. Sotomayor, Barceloneta, P. R. Office became Presidential July 1, 1942.

Leonidos M. Lopez, Camuy, P. R. Office became Presidential July 1, 1942.

##### SOUTH DAKOTA

Fred Coates, Provo, S. Dak. Office became Presidential July 1, 1942.

##### TENNESSEE

Regie H. Ray, Ducktown, Tenn., in place of P. A. Russell. Incumbent's commission expired June 23, 1942.

LeRoy J. Eldredge, Hixson, Tenn., in place of L. J. Eldredge. Incumbent's commission expired June 23, 1942.

##### VIRGINIA

Edward C. Oslin, Boydton, Va., in place of E. L. Toone, retired.

Elsie P. Jones, Urbanna, Va., in place of C. C. Chowning, removed.

##### WEST VIRGINIA

Stella M. Gordon, Bramwell, W. Va., in place of M. R. Walker, retired.

Harry C. Loudon, Fairmont, W. Va., in place of A. G. Hartin, deceased.

Paul D. Young, Omar, W. Va., in place of A. C. Smith, resigned.

#### CONFIRMATION

Executive nomination confirmed by the Senate June 25 (legislative day of May 24), 1943:

##### POSTMASTER

##### NORTH CAROLINA

Ethel G. Womble, Goldston.

## HOUSE OF REPRESENTATIVES

FRIDAY, JUNE 25, 1943

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Heavenly Father, we would honor the heroism and endurance which the brave attain and which the bravest will not despise; these are worthy to be sought. We pray for something higher, sweeter, and more precious; it is the secret of a happy child at the side of his indulgent father. Our Lord and Master had this unbroken companionship with His Father amid the vicissitudes and storms of His earthly mission. We do not pray to see the future which is folded from our sight, but for that rest in the word of our Saviour: "Your Father knoweth." O equip us with this divine relation and its exalted privilege.

Almighty God, we pray for men, godly men, men of conviction and understand-

ing, unyielding in all the dictates of honor. O put them in the sanctuary, in the street, in the neighborhoods, in the home, and in the entanglements of business and they will defy the world. We pray for those robust patriots, who by their daily lives, write a commentary on the Constitution, on the ideal of the true American life, and blessed Lord, they will make the world believe. Let them arise and go forth in righteousness of rectitude and integrity and with that peace which Thou dost regulate and with that joy which is the reflection of heaven. Bless us this day with that quietude and poise which cometh from the heart of a merciful God. In the name of our Saviour. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed without amendment a concurrent resolution of the House of the following title:

H. Con. Res. 30. Concurrent resolution authorizing the printing of additional copies of House Document No. 237, Questions and Answers, containing an analysis relative to the Current Tax Payment Act of 1943.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 1242. An act to authorize appropriations for salaries and expenses, Office of Fishery Coordination.

The message also announced that the Senate disagrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2714) entitled "An act making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1943, and for prior fiscal years, and for other purposes."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 1648) entitled "An act making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1944, and for other purposes."

#### WOMEN'S ARMY CORPS

Mr. MAY. Mr. Speaker, I call up the conference report on the bill (S. 495) to establish a Women's Army Auxiliary Corps for service in the Army of the United States, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

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#### CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 495) to establish a Women's Army Auxiliary Corps for service in the Army of the United States, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its amendment numbered 8.

That the Senate recede from its disagreement to the amendments of the House numbered 4, 5, 6, and 7, and from its disagreement to the amendment of the House to the title of the bill; and agree to the same.

Amendment numbered 1: That the Senate recede from its disagreement to the amendment of the House numbered 1, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"That there is hereby established in the Army of the United States, for the period of the present war and for six months thereafter or for such shorter period as the Congress by concurrent resolution or the President by proclamation shall prescribe, a component to be known as the 'Women's Army Corps'. The total number of women enlisted or appointed in the Women's Army Corps shall not exceed the number authorized from time to time by the President."

And the House agree to the same.

Amendment numbered 2: That the Senate recede from its disagreement to the amendment of the House numbered 2, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"The enlisted personnel of such corps shall consist of women of excellent character in good physical health, who are enlisted in the Army of the United States under the provisions of the last paragraph of section 127a of the National Defense Act, as amended (54 Stat. 213), and who are on the date of such enlistment citizens of the United States between the ages of twenty and fifty years."

And the House agree to the same.

Amendment numbered 3: That the Senate recede from its disagreement to the amendment of the House numbered 3, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"The commanding officer of such corps shall be a colonel and such officers of lower rank shall be appointed as the Secretary of War may prescribe: *Provided*, That physicians and nurses shall not be enlisted in this corps: *And provided further*, That commissioned officers and noncommissioned officers of the Women's Army Corps shall exercise command only over women of the Women's Army Corps and other members of the Army of the United States specifically placed under their command."

And the House agree to the same.

ANDREW J. MAY,  
R. E. THOMASON,  
MATTHEW J. MERRITT,

*Managers on the part of the House.*

ROBT. R. REYNOLDS,  
ELBERT D. THOMAS,  
EDWIN C. JOHNSON,  
STYLES BRIDGES,

*Managers on the part of the Senate.*

#### STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the

House to the bill (S. 495) to establish a Women's Army Auxiliary Corps for service in the Army of the United States, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Amendment No. 1: The Senate bill provided for the establishment in the Army of the United States for the period until the cessation of hostilities in the present war and for 6 months thereafter, or for such shorter period as the Congress by concurrent resolution or the President by proclamation might prescribe, or until January 1, 1945, whichever might be earlier, a component to be known as the Women's Army Auxiliary Corps. The House amendment designated the corps as the Women's Army Corps and established it for the duration of the war plus 6 months or for such shorter period as the Congress by concurrent resolution or the President by proclamation might designate. The House amendment further provided that the number of women in the corps should not exceed the number authorized from time to time by the President and in no event should exceed 150,000. The conference agreement adopts the House amendment except as to the limit of 150,000 upon the number of women who may be in the corps.

Amendment No. 2: The Senate bill provided that the enlisted personnel of the corps should consist of women enlisted in the Army of the United States under the concluding paragraph of section 127a of the National Defense Act, as amended. The House amendment made similar provision with respect to the enlisted personnel of the corps and provided further that the women should be of excellent character, in good physical health, and at the time of enlistment citizens of the United States between the ages of 20 and 45 years. The conference agreement adopts the House amendment except that the maximum age at time of enlistment is raised from 45 to 50 years.

Amendment No. 3: The House amendment inserted new matter providing that the commanding officer of the corps should be a colonel, that the corps should have such officers of lower rank as the Secretary of War might prescribe, that physicians and nurses should not be enlisted in the corps, and that the military authority of officers of the corps should be exercised over women of the corps only and should be limited to administration of the corps. The conference agreement adopts the House amendment except with respect to the limitation upon military authority of the officers of the corps. As to that, the conference agreement provides that commissioned and noncommissioned officers of the corps shall exercise command only over women of the corps and other members of the Army of the United States who are specifically placed under their command.

Amendment No. 4: The Senate bill provided that officers of the corps and their dependents and beneficiaries should have all of the rights, privileges, and benefits which are accorded in like cases to other officers appointed under the joint resolution of September 22, 1941, and to their dependents and beneficiaries. The House amendment has the effect of providing that the rights, privileges, and benefits shall be the same except where otherwise expressly provided. The conference agreement adopts the House amendment.

Amendment No. 5: Section 4 of the Senate bill specifically authorized the Secretary of War to prescribe additional regulations applicable to the corps and provided that the corps and the Army Nurse Corps should be the only women's organizations in the Army of the United States. The House amendment



eliminated section 4. The conference agreement adopts the House amendment.

Amendments Nos. 6 and 7: These amendments merely renumbered sections and were made necessary by the adoption of amendment No. 5. The conference agreement adopts the House amendments.

Amendment No. 8: The House amendment added a new section to the bill providing that the Servicemen's Dependents Allowance Act of 1942 should not be applicable to dependents of women enlisted under the bill and further providing that women commissioned or enlisted under the bill should receive only the subsistence and rental allowances payable to male commissioned officers and enlisted men, without dependents. The House recedes from this amendment.

ANDREW J. MAY,  
R. E. THOMASON,  
MATTHEW J. MERRITT,

*Managers on the part of the House.*

The conference report was agreed to. A motion to reconsider was laid on the table.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. TABER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

[Mr. TABER addressed the House. His remarks appear in the Appendix.]

#### EXTENSION OF REMARKS

Mr. MASON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a short editorial on the food crisis.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. MASON. Mr. Speaker, I further ask unanimous consent to extend my own remarks in the RECORD, and include therein a statement from the Chamber of Commerce of San Francisco in favor of repealing the Chinese Exclusion Act.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. SPARKMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and include therein an article from the Atlanta Constitution.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. SPARKMAN. Mr. Speaker, I further ask unanimous consent to extend my own remarks in the RECORD, and include therein a poem by Mr. Horace C. Carlisle.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. STEWART. Mr. Speaker, I have been granted permission to address the House for 20 minutes today. I do not desire to use this time, but instead ask

unanimous consent that on Wednesday next I be permitted to address the House for 30 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. STEWART. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include therein an editorial from the Daily Ardmoreite, of Ardmore, Okla.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

[Mr. STEWART addressed the House. His remarks appear in the Appendix.]

#### EXTENSION OF REMARKS

Mr. DONDERO. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a short editorial from the Pontiac Daily Press, and further to extend my own remarks and include therein excerpts from an address.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

#### PRICE ROLL-BACKS AND SUBSIDIES

Mr. DONDERO. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. DONDERO. Mr. Speaker, the proposal to roll back prices and reduce the cost of living and then vote a subsidy on the backs of the American taxpayers is just one way of deceiving the people of this country. Living costs will be more, not less. Bonds must be sold, money borrowed, interest paid, and administration costs added. How long must we of this generation ask the future generations to pay for the undeserved ease of our day? It means shifting our obligation to the backs of the soldiers now fighting our battles when they return. If the people of this country, when wage scales and the national income are the highest in the history of the Nation, are unable to pay for butter, coffee, meat, and for food at decent prices to the producer, when will they be able to pay for it?

This morning I received a telegram from two farmers' organizations in my district, the Oxford Cooperative Elevator Co. and the Oakland County Farm Bureau, both saying this:

Farmers and farm leaders are emphatically opposed to any roll-back in farm prices. So much unfavorable publicity from Washington. Absence of guaranty of stabilized profitable returns to agriculture when labor and industry are taken care of is interfering with crop production. Office of Price Administration regimentation is resented.

FRED G. BEARDSLEY,  
President, Farm Bureau, Oakland County.  
RAY E. ALLEN,  
Secretary, Oxford Cooperative Elevator Co.

Give the farmer a decent price for his products in the market place and there will be no necessity for subsidies. He is opposed to accepting a Government dole and forever forcing him to remain an object of charity.

Subsidy will discourage the production of food. Let the income of those who till the soil be brought in line with national income.

#### EXTENSION OF REMARKS

Mr. H. CARL ANDERSEN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an editorial entitled "Subsidy Is All Wrong," written by Mr. J. C. Morrison, of Morris, Minn., one of the leading editors of the Northwest.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

#### PERMISSION TO ADDRESS THE HOUSE

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include therein an editorial by Mr. Arthur Krock in the New York Times of today.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

[Mrs. ROGERS of Massachusetts addressed the House. Her remarks appear in the Appendix.]

#### EXTENSION OF REMARKS

Mr. DIRKSEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include a brief editorial.

The SPEAKER. Is there objection?

There was no objection.

Mr. BROOKS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include two short newspaper articles commending the Women's Army Auxiliary Corps.

The SPEAKER. Is there objection?

There was no objection.

#### EXTENSION OF COMMODITY CREDIT CORPORATION

Mr. SABATH. Mr. Speaker, I call up House Resolution 270, which I send to the desk and ask to have read.

The Clerk read as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 2869, a bill to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 3 hours, to be equally divided and controlled by the chairman and the ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendments under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report

the same to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. SABATH. Mr. Speaker, I yield the usual 30 minutes to the gentleman from Michigan, and shall take 5 minutes myself.

This rule makes in order H. R. 2869, providing for the continuance of the Commodity Credit Corporation for an additional 2 years. It increases the amount heretofore authorized by \$500,000,000. From the evidence before the Rules Committee there is no objection to the bill, and to the continuance of the Corporation, because all seem to appreciate the tremendous work which has been done and the good that has been accomplished for agriculture by this Corporation and for the country in general.

There is some objection to section 6, which contains certain restrictions that have been placed on the Corporation. That section reads as follows:

SEC. 6. In order to prevent the funds of the Commodity Credit Corporation or any other Government agency from being used for the payment of subsidies to maintain maximum prices for agricultural commodities or for commodities processed in whole or in substantial part from agricultural commodities, no maximum price shall be established or maintained under any law for any such commodity below a price which will reflect to the producers thereof, in the market place, the support price therefor announced by the Secretary, or below the higher of the maximum prices provided in section 3 of Public Law No. 729, approved October 2, 1942, as amended, except that nothing in the foregoing provisions shall be construed to prevent the selling of wheat for feeding purposes if sold at not less than the parity price of corn nor to prevent such adjustments in the price supports and price ceilings on competitive oils and fats as may be required to bring about or to maintain the necessary relationship in the prices of such products that is required to assure adequate production for the war effort. Agreements made by the Commodity Credit Corporation prior to the enactment of this act shall not be affected by this section until 60 days after the date of enactment of this act.

I do not know whether the committee has acted wisely, but it is up to the House to pass on that section.

There is also some disagreement I think on section 7, which reads as follows:

SEC. 7. Such modifications shall be made in maximum prices established under the Emergency Price Control Act of 1942, approved January 30, 1942 (Public Law No. 421, 77th Cong.), and an act to amend the Emergency Price Control Act of 1942 to aid in preventing inflation and for other purposes, approved October 2, 1942 (Public Law No. 729, 77th Cong.), for any agricultural commodity and for commodities processed or manufactured in whole or substantial part from any agricultural commodity, as the War Food Administrator determines are necessary to secure an adequate production of such commodity for war purposes.

The disagreement was with respect to the interpretation of the word "modification" bearing on maximum prices; that is, that there should be other verbiage used to make it clearer. This is a minor clarification that will and can be perfected in the House.

The bill I know is favored by both the majority and the minority, and I feel there should not be a great deal of trouble and time taken in passing it.

In that connection I wish to state, however, that I understand the Commodity Credit Corporation has acquired tremendous quantities of corn, cotton and other articles, which are still in the warehouses, and I feel that these commodities, without affecting the market, should be released, or the loans called. I am informed that my friends, the corn farmers, refuse to sell, because they can get more for their corn now in the black market. Many farmers need the corn to feed the hogs, and it is bringing, as they claim, about \$1.40 a bushel. I think it is manifestly unfair that the corn farmers, who have been aided and assisted by this Administration and by this Congress and the Congresses that have gone before, should now, when there is a shortage of corn, go to the extent of refusing to sell the corn they now hold.

The SPEAKER. The time of the gentleman from Illinois has expired.

Mr. SABATH. Mr. Speaker, I shall take 2 additional minutes. Mr. Speaker, I come from a corn State, and I think that all of the friends among the corn farmers should inform them that they are not making any friends here by being unfair, unjust, and unreasonable, in withholding the corn from the market.

I believe if the loans were called by the Corporation, a great deal of this corn would be released and conditions relieved. Of course, I think if you would restrict the price of hogs and cattle, this corn would not bring \$1.40 in the black market. Furthermore, the O. P. A. has raised prices on meat, but has refused to put a price on cattle and hogs, and there a mistake has been made.

I think it is not too late now to take action and that a ceiling price should be placed on cattle and hogs. Cattle and hogs that were selling in 1932 at 3 cents a pound are now selling for 15, 16, and 17 cents a pound—500 percent higher than they were selling for then, and perhaps 150 percent higher than in 1939. So I feel something should be done in the interest of the consumer and in the interest of those who have not received increases in their salaries and wages and whose cost of living has gone up all the way from 50 to 100 percent. These people cannot stand it much longer, and difficulties are liable to ensue unless these matters are adjusted.

Mr. Speaker, I reserve the remainder of my time and yield 30 minutes to the gentleman from Michigan.

Mr. MICHENER. Mr. Speaker, it is regrettable that the distinguished chair-

man of the Rules Committee, the farmers' friend from the cornfields of Chicago, feels called upon to so severely castigate all American farmers by accusing them of unethical, unpatriotic, and illegal conduct in causing, making, and maintaining a black market for meats.

He entirely overlooks the fact that the administration has called upon the farmers to produce more meat, especially cattle and hogs. He also overlooks the fact, or perchance may not be familiar with the fact, that the farmers' corn, fed to the livestock, produces the meat food that the farmers have been urged to supply. The great mass of farmers do nothing to create or support a black market. All the farmer wants is a fair price in the market place, and what, Mr. Chairman, is so wrong about that?

Surely, Mr. Chairman, you would not ask the farmers to produce meat at a loss in order that your consumers in Chicago may buy more cheaply. Surely, you would not expect the farmers to place their corn on the market at a less price than it cost them to produce, and at a less price than they could receive by selling that same corn in meat at the same market.

The implication of the chairman's remarks is that the food producers should subsidize the chairman's consumer constituents in Chicago. Well, of course, while most labor in war industry is today receiving unheard-of compensation and is abundantly able to pay for its food at a much higher price, yet we are all mindful of the school teachers, the clerks, and the white-collar employees who have had no increase in wages but who must buy their food in the same market with the high-salaried war worker.

There is a problem here that is very difficult to solve and some method must be found to adjust these inequalities. It will not help any, however, to shout "wolf" at the farmer and accuse him of maintaining a black market at the expense of those who must buy food. We are all human. The consumer would like to buy as cheaply as possible and, by the same token, the farmer would like to get as high a price as possible. In wartimes, each group must make concessions, and in doing so must not charge bad faith or misconduct on the part of the other.

My respect and affection for my chairman are such that I want to believe that his remarks were inadvertently made, and that when he thinks it over he will soften up a little in his condemnation of the great class of food producers to whom our country and, in fact, the world at large, owe so much today.

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. MICHENER. I am sorry, but all time has been promised. I now yield 10 minutes to the gentleman from Kansas [Mr. HOPE], who by common consent is



always authorized to speak for the farmers of the country on matters affecting their industry.

Mr. SABATH. Will the gentleman yield for a correction?

The SPEAKER. The gentleman from Kansas [Mr. HOPE] is recognized for 10 minutes.

Mr. HOPE. Mr. Speaker, I want to discuss only one phase of the legislation which is embodied in this bill. I refer particularly to section 6 relating to subsidy payments. I have in mind especially the subsidy payments which have been lately put into effect on meat and butter, the so-called roll-back subsidies. The argument that is made by those who are advocating subsidies of that type is that they are necessary in order to absorb the increased cost of living, particularly the increased cost of food. The proponents of those subsidies say in effect that we stabilized wages last September, but we did not stabilize prices. As a matter of fact, we did not stabilize either of them. Prices have gone up some and wages have gone up some since last September.

I placed in the RECORD day before yesterday some figures compiled by the Library of Congress, showing the increase in wages, both hourly and weekly wages, since last September 15, and also the increases in the cost of living. I think if we are going to adopt the theory that we are to roll prices back to September 15, then in all fairness, if we are going to deal with the question of inflation, we must also roll wages back to the same date. Unless we do we are increasing the inflationary gap and bringing the perils of inflation nearer and nearer.

I do not want to go into that question any further at this time. I do invite your attention to these figures which you will find in the RECORD for Wednesday. They show that wages on the average have increased as rapidly as the cost of living since last September.

I want to consume the remainder of my time in discussing some figures which are contained in a publication by the Bureau of Agricultural Economics, entitled "The Marketing and Transportation Situation." I call attention particularly to the figures contained in this document which compare that portion of the consumer's income spent for food at the present time and at different periods in the past. I am going to get permission to put in the RECORD the table to which I am referring at this time.

I call attention particularly to the fact that at the present time, that is, for

March 1943—these are the latest figures available—American consumers spent 21 percent of their income for food. That is the smallest percentage of income with the exception of 2 or 3 months last year and at the beginning of this year, that we have ever spent in this country for food. In January and February of this year and during 2 or 3 months last year, the percentage dropped down to 20 percent. I am told on reliable authority that in England, which we are asked to adopt as a model as far as subsidies are concerned, the consumers spend 60 percent of their income for food.

Let me also call attention to this fact, that the 22 percent of the consumer's income which now goes for food includes recent increase in the standard of living, because if we will take, as shown in this table, the quantity of food which the average consumer purchased during the period from 1935 to 1939, if he bought that same quantity and quality of food today he would be expending only 16 percent of his present income. So that he has improved his standard of living during the period from 1939 to the present time because he is now spending 22 percent of his income for food.

Let me call your attention also to comparative figures as to income and expenditures for food between September 1942, which is the date to which we are going to roll prices back if we adopt the theory of the proponents of that policy, and March 1943. The total average income in this country in September 1942 was \$883. That was the per capita income. In March 1943 it was at the rate of \$1,012 annually, or \$129 more. The per capita cost of food in September 1942 was \$178. In March 1943 it was \$208, an increase of only \$30, whereas wages and salaries have increased \$129 during that same period of time.

In view of that situation it seems to me that any argument that we should roll back prices of food products to September 1942 or any earlier date does not stand up for a minute. If we have any idea of preventing inflation certainly we do not want to adopt any program which, by its very nature, can only be inflationary, because it adds to the purchasing power of the consumer by reducing the price he pays, while in no way reducing the income which he receives, and which has been constantly increasing since the war period began.

I do not want to say that I am opposed to all types of subsidies. There are some which I think are helping in bringing about an increased production. There

are some of them which have been put into effect in order to aid the war effort in the production of strategic materials, but there is a clear distinction between those subsidies which have been put into effect in order to bring about increased production and those which are simply a roll-back of prices on the theory that prices have advanced more rapidly than wages. I think if we will keep that distinction in mind there should be no difficulty in determining what types of subsidy will assist and contribute to the war effort and what types will fail to make that contribution, but bring about inflation.

The SPEAKER pro tempore (Mr. RAMSPECK). The time of the gentleman from Kansas has expired.

Mr. FISH. Mr. Speaker, I yield the gentleman 1 additional minute.

Mr. BARRY. Will the gentleman yield?

Mr. HOPE. I yield.

Mr. BARRY. If prices have advanced more rapidly than wages—and I do not agree with the gentleman's figures—would he then be in favor of the roll-back or reduction without subsidies?

Mr. HOPE. No; I would not, because I do not think we can increase our standard of living in time of war. All this idea that you have to roll back prices, if they get a little ahead of wages, is based on the theory that we can increase our standard of living at a time when two-thirds of our national energy is devoted to carrying on the war, instead of producing for consumption. Under these circumstances a lowering of our living standards is inevitable. We can put off the evil day but we cannot prevent it. You cannot do it.

Mr. BARRY. I call the attention of the gentleman to the fact that two Sundays ago in the New York Times appeared a chart which was put out by the Labor Department which indicated that since January 1941 food prices have increased 40 percent and wages have only increased half of that, or a differential of 20 percent.

Mr. HOPE. Food prices are only a part of the cost of living; these figures also considered everything coming under the cost of living. As shown by the figures already quoted, only 21 percent of consumer income goes for food. A large increase in food prices might mean only a small increase in the total cost of living. Attached herewith is the table referred to from the Bureau of Agricultural Economics publication, the marketing and transportation situation:

TABLE 1.—Food cost and expenditures compared with total and disposable income per person, United States average, specified periods

Year and month	Total income <sup>1</sup>	Disposable income <sup>1</sup>	Total expenditures for consumers goods and services <sup>1</sup>	Food expenditures				Cost to consumer of fixed quantities of foods representing average annual consumption per person, 1935-39			
				Actual <sup>1</sup>	As percentage of—			Actual <sup>2</sup>	As percentage of <sup>2</sup> —		
					Total income	Disposable income	Total expenditures for goods and services		Total income	Disposable income	Total expenditures for goods and services
	Dollars	Dollars	Dollars	Dollars	Percent	Percent	Percent	Dollars	Percent	Percent	Percent
1913.....	340							95	28		
1914.....	333							100	30		
1915.....	393							101	26		
1916.....	477							115	24		
1917.....	471							147	31		
1918.....	542							166	31		
1919.....	579							192	33		
1920.....	628							201	32		
1921.....	506							142	28		
1922.....	531							138	26		
1923.....	599							144	24		
1924.....	610							143	23		
1925.....	645							155	24		
1926.....	659							155	24		
1927.....	655							150	23		
1928.....	664							150	23		
1929.....	679	655	583	156	23	24	27	149	22	23	26
1930.....	595	574	527	143	24	25	27	139	23	24	26
1931.....	500	480	437	120	24	25	27	112	22	23	26
1932.....	380	366	345	94	25	26	27	92	24	25	27
1933.....	368	354	341	91	25	26	27	93	25	26	27
1934.....	418	403	377	100	24	25	27	105	25	26	28
1935.....	460	442	410	105	23	24	26	116	25	26	28
1936.....	531	508	461	113	21	22	25	115	22	23	25
1937.....	561	536	485	119	21	22	25	119	21	22	25
1938.....	509	484	451	113	22	23	25	108	21	22	24
1939.....	541	517	471	114	21	22	24	106	20	21	23
1935-39 average.....	520	497	456	113	22	23	25	113	22	23	25
1940.....	579	554	497	121	21	22	24	107	18	19	22
1941.....	692	662	590	140	20	21	25	121	17	18	22
1942.....	857	807	612	176	21	22	29	144	17	18	24
Annual rates by months, seasonally adjusted											
1942:											
January.....	778	744	617	168	22	23	27	134	17	18	22
February.....	786	751	591	160	20	21	27	136	17	18	23
March.....	795	759	554	162	20	21	29	138	17	18	25
April.....	815	778	591	165	20	21	28	139	17	18	24
May.....	825	785	639	171	21	22	27	140	17	18	22
June.....	844	802	589	169	20	21	29	142	17	18	24
July.....	859	813	615	179	21	22	29	143	17	18	23
August.....	875	824	631	182	21	22	29	145	17	18	23
September.....	883	828	610	178	20	21	29	145	16	18	24
October.....	905	845	652	196	22	23	30	149	16	18	23
November.....	937	870	628	184	20	21	29	151	16	17	24
December.....	958	887	631	193	20	22	31	153	16	17	24
1943:											
January.....	971	895	659	195	20	22	30	155	16	17	24
February.....	992	911	688	202	20	22	29	157	16	17	23
March.....	1,012	915	629	208	21	23	33	162	16	18	26

<sup>1</sup> Calculated from data prepared in the Bureau of Foreign and Domestic Commerce. Total income is national income payments to individual per capita of United States population, including all armed forces. This average is approximately equal to income per capita of civilian population, differing by less than 1 percent in 1942. Disposable income is total income less direct personal taxes. Total expenditures for goods and services are averaged over United States population excluding armed forces abroad. Actual food expenditure is total amount spent for foods (excluding alcoholic liquors) in retail stores, eating places, and elsewhere, plus allowance for value of home-produced foods, per capita of United States civilian population. This expenditure reflects changes in quantities and types of foods purchased and in payments for preparation, service, and entertainment at eating places in addition to changes in food prices.

<sup>2</sup> Cost to consumers of quantities of foods representing average annual consumption per person during 1935-39 is calculated by taking as a 1935-39 base the actual food expenditure for that period (\$113) and applying to this base cost the changes in a United States average consumers' food price index. The latter index is a weighted average of indexes representing (1) retail food prices in 51 cities (U. S. Bureau of Labor Statistics); (2) retail food prices in other cities and towns; and (3) prices received by producers applied to foods consumed on farms where produced. This series reflects the part of changes in food cost due solely to changes in food prices.

<sup>3</sup> These percentages show what share of consumers' income would be required to purchase identical quantities of the same foods (1935-39 average consumption) at prices prevailing during each year and month.

The SPEAKER. The time of the gentleman from Kansas has expired.

Mr. FISH. Mr. Speaker, I yield 6 minutes to the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN].

#### THE WOLCOTT AMENDMENT

Mr. AUGUST H. ANDRESEN. Mr. Speaker, in my opinion the roll-back and subsidy program which has been announced by the administration is a fraud on the American people. It is proposed to save each individual consumer in the United States 5 cents a pound on butter, and since each person is allowed 12 pounds of butter a year, that saving will

be 60 cents a year per individual, or not enough to pay for a ticket to a movie in downtown Washington.

It is proposed to save the consumers 3 cents per pound on meat or 6 cents a week, about \$3 a year. And, in addition, it is proposed to save 3 cents a pound on coffee; you are allowed 12 pounds of coffee a year, with a saving of about 36 cents. In other words, a total saving of \$3.92 per individual.

Mr. COLE of Missouri. Mr. Speaker, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman.

Mr. COLE of Missouri. Would the gentleman tell us what it would cost to administer this subsidy program per individual?

Mr. AUGUST H. ANDRESEN. It is estimated that the total subsidy will be \$450,000,000; it will cost at least another \$50,000,000 to administer; that will be a total of \$500,000,000. The Government must sell bonds in order to raise the money to pay the subsidy, and if we assume that these War Savings bonds draw 2.9 percent interest, and we further assume that they will run for 50 years, if you calculate your interest on those



bonds for that 50-year period, you have a total of \$725,000,000 in interest, plus \$500,000,000 subsidy at the end of the 50 years. In other words, you have got to pay \$1,225,000,000, which will be \$9.15 for each individual who saves \$3.92 in the year 1943 on his grocery bill.

Furthermore, I doubt very much if 10 percent of the membership of this House will be living at the time the bonds are paid, which means that our children and our grandchildren will be called upon to pay the \$9.15 of the grocery bill so that you and I could save \$3.92 in 1943.

Mr. HOPE. Mr. Speaker, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman from Kansas.

Mr. HOPE. The gentleman has told us how little the benefit will be to each individual, but if the bill is put into effect, and continues in effect, with the present roll-back plan, does not the gentleman understand it is the purpose of these proposers of this subsidy plan to expand it greatly so that the total cost might be as much as \$4,000,000,000 or \$5,000,000,000 a year?

Mr. AUGUST H. ANDRESEN. If it should be expanded, as has been suggested, they will need about \$2,000,000,000 for subsidy, and assuming they get the \$2,000,000,000 for subsidies they will save each individual \$12 in the year 1943, or any 12-month period, and when the bonds are paid off 50 years from now each individual who saved \$12 in the year 1943 will be called upon to pay back \$36 in interest and principal to liquidate the bonds.

Mr. H. CARL ANDERSEN. Mr. Speaker, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman.

Mr. H. CARL ANDERSEN. Mr. Speaker, would it not be correct to say that the roll-back will be upon our grandchildren?

Mr. AUGUST H. ANDRESEN. There is no question about it. As I said before, very few of the people now living will be alive when these bonds are to be paid.

Mr. COLE of Missouri. Will the gentleman yield for another question?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman.

Mr. COLE of Missouri. It will also fall upon the soldiers, on the boys who are fighting to preserve this country.

Mr. AUGUST H. ANDRESEN. That is right; it will fall upon the soldiers and our children, and their children will be called upon to pay for the folly of 1943.

Mr. BURDICK. Mr. Speaker, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I am sorry; I would like to, but I only have a few minutes.

I went to a country school, and I learned my arithmetic the same as most of you in the old-fashioned manner. I learned that 2 and 2 make 4, and 3 and 3 make 6, but last night when I heard Prentiss Brown make a radio speech I was amazed to hear advanced a new theory in the higher realms of calculation. Mr. Brown stated, and I quote:

The roll-back subsidy program on meat and butter will save consumers between two and three dollars for every dollar paid, and

the Government at least will save two dollars. This program will pay off in hard dollars and cents at the rate of 4 or 5 to 1.

And he says that on some of the things the "saving will be higher. This is sound Government finance."

That is what Mr. Brown says, and that is the end of the quotation.

No doubt Mr. Brown got this fanciful, complicated scheme of higher mathematics from the same men who figured out that an obligation does not make any difference; it does not make any difference how big our national debt is if we owe it to ourselves. So, I assume that is following the same philosophy, and also the philosophy of those who are spending the taxpayers' money, who consider that it is sound Government finance to subsidize and pay a part of your grocery bill on borrowed money, to be finally paid by future generations.

Mr. Speaker, I am supporting the Wolcott amendment because I am convinced that the roll-back and subsidy scheme is a mistake and a fraud against the American people. This amendment, if adopted, will materially help to stop inflation which now threatens our country. The enactment of the amendment will not increase the cost of living, if officials administer and enforce the law according to the intent of Congress.

The roll-back and subsidy scheme has brought a food crisis in our country, encouraged black-market operations, and is rapidly breaking down our system for the distribution of food. Food stores, processors, and distributors are being forced out of business because they cannot get supplies. All at a time when we possess the largest supplies of beef cattle, hogs, and milk products in the history of our country. The situation is particularly serious in the processing and distribution of meat. The O. P. A. refuses to recognize that an error has been made in the handling of meat and dairy products. Unless prompt action is taken to remedy the situation, it will be difficult for the men in the armed forces to secure meat, to say nothing about a supply for lend-lease and civilian requirements. I am convinced that the adoption of the Wolcott amendment and the Fulmer bill to coordinate all food administration under one head, will go far to correct the present difficulties.

It will take men of experience to straighten out the meat problem and undo the damage already done in the distribution of this vital food. It appears that the administration does not desire to utilize the services of men who have spent a lifetime in the business of processing and distribution of meat and other foods. The administration prefers inexperienced men to shape and administer the Nation's food policies.

Mr. Speaker, one of the outstanding meat processors of the country is a constituent of mine. He is Mr. Jay C. Hormel, of Austin, Minn. He has spent a lifetime in the meat business and knows what he is talking about. I asked Mr. Hormel to appear before the House Committee on Agriculture this morning to propose a plan for the solution of our difficulties in the distribution of meat. Several members of our committee have

asked me to place Mr. Hormel's splendid and practical suggestion in the Record for other Members of Congress and the country to read. I believe it a good and simple plan which should be put into operation, and under leave granted me I am including Mr. Hormel's suggestion as a part of my remarks:

#### A WORKABLE PLAN TO SOLVE THE MEAT DISTRIBUTION PROBLEM

(By Mr. Jay C. Hormel, of Austin, Minn.)

I think the American public would be shocked if people knew how bad the meat situation really is.

It is time they are shocked. The situation is worse than we have been told.

For example, the headline in the Chicago Tribune on Friday, June 18, read: "More Pork For Civilians! Army Will Get Larger Share of Beef Store." That is not the truth.

It is not true that the civilian population is going to get more pork. The production of pork meat now is at a seasonal peak and yet, even today, the Government is not getting as much pork as it wants. A worse truth is that in spite of the scarcity of beef on the domestic market, our armed forces are short of beef they need to eat. The way the meat situation is being handled, the Army will not get a larger share than it is getting now.

At the same time, there is a right way to handle this meat situation to give the Army what it needs, to give lend-lease all we can spare them, and to distribute the civilian supply fairly.

A statement entitled "A Program for Solving Wartime Meat Problems" has been issued by the Livestock and Meat Council, which consists of 99 national, regional, and State associations and organizations of the livestock and meat industry. This statement tells what will work and what won't work.

Its principles have been accepted by the Government. The War Meat Board was established for the purpose of carrying out that meat management program.

It was written by committees consisting of nearly three hundred people fairly representing all phases of the meat and livestock industry.

The only trouble with the plan today is that it is not being used.

For example, The Army surely is short of beef. Surely something must be done about it.

What does the meat management plan say to do?

It says to ask the civilian population to use less beef. How do you ask them? By increasing the point value of beef. And, at the same time, explaining why point values are raised.

Then what happens? You and I respect our ration coupons because we know the reason for them. Because of the increased point value, we cut down on the amount of beef we use. That leaves more beef in the hands of the packers. If you and I don't buy it, they look at the only other customer they have, which is the Army. In that way the Army quickly and surely gets its beef. That would be the right way to do it.

But now let's see what actually has happened during the last 2 weeks. The Government called together a group of beef men. They said, in effect, "This is an emergency. The Army is short of beef. What emergency steps can we take?" At that point the Government people and the industry people forgot about their meat management plan and undertook a make-shift. They quickly calculated what portion of the beef the Army needed. Then they issued orders to the packers simply taking that amount of beef.

That sounds like direct action. They knew what they wanted, so they reached right out to get it. But they didn't get it. The reason is they went at it the wrong way. They

didn't follow the meat management plan. In the first place, they didn't tell you and me what they were trying to do. So you and I, the consumer, couldn't help them a bit.

Even if they had told us what they were trying to do, they didn't tell us how we could help. We still had our ration tickets which said any time we felt like spending 12 points for a pound of round steak, all we had to do was hunt up the butcher who had the round steak.

Now, the Government can use only Government-inspected beef. That is the law. So, this "take" order, or "set-aside" order as it is known officially, applied only to Government-inspected packers. If you happened to be trading with a retailer who handled Government-inspected meats, the chances are he was out of round steak the day you came in, because the Government already had taken 45 percent of the packer's supply. That forced the retailer to look for some other packer for his beef. That made a new customer for that other packer. If that other packer bought one extra bullock to take care of that new customer, there was one less live bullock to be offered for sale. If there were one less live animal for sale, that meant the Government-inspected houses slaughtered one less. It wasn't your fault, because nobody had told you that 45 percent of that round steak you bought was supposed to go to the Army.

It seems clear enough that the way to get meat for the Army is to get you and me not to buy the meat which the Army needs. That seems simple enough.

That is a basic part of the meat management plan. Of course, that is not all there is to it. Altogether, the meat management plan has four jobs to do.

1. Supply all the meat which the armed forces need.
2. Supply the full amount of meat allowed for lease-lend.
3. Take the meat to the ration tickets, so that after you have been told how many tickets you can spend and what the point prices are, you can spend your tickets as you want to.
4. Maintain the meat price levels which administration policy determines.

The plan is simple—let supply and demand do all these jobs.

Fortunately, the use of supply and demand to do these jobs is simple, also.

If we weren't interested in price levels, the meat management plan simply would be to let natural forces work as they always have worked. The prices on things we wanted most would go sky high and when the price on that round steak got too high to suit us, you and I would decide not to buy and the Army would get all it needed.

We have a new name for high prices. We call it inflation. We decided we didn't want inflation, so we set out to control prices. We still have to stick to supply and demand, so this time we use ration tickets to control the demand.

If you have 16 points a week and you are buying more than your share of round steak at 12 points, the way to handle the situation is to make round steak 14 points or 16 points or 32 points or whatever is necessary so you and I leave enough round steak for the Army.

In the same way, we use the ration point values to get enough of all meat for our fighting forces and for lease-lend.

That leaves the problem of seeing to it that you and I can get all the round steak we want each day, whether it be the little bit we want at 32 points a pound or whether it be the larger amount we want at 16 points or at 14 points or at whatever minimum point value still permits the Army to get what it needs.

When they tell us what the point value is, we should be able to get what we want no matter where we live. Now, it is obvious

the War Meat Board never will be able to direct the flow of meat each day in such a way as to distribute the round steak equitably all over the country. On the other hand, we long have had a device which always has worked. If the price is higher in one place than it is in another, somebody always find it out and finds a way to take the meat to the place where he can get the best price for it.

Of course, we don't want inflation. So, the question is, how are we going to put a higher price on meat in order to get it to your butcher shop or to your town? Well, if we don't want high prices, the answer is to make the price lower in the towns that already have their share.

Fortunately, this is an easy thing to do. The point values have been set so that 130,000,000 of us have left plenty of round steak on the market—all, in fact, that the Army can use. You and I won't try to buy that round steak away from the Army, because of our points. That leaves the Government as the only possible bidder for all that extra meat.

Now, if the Government bids at ceiling prices, a great many communities will be short of meat because the easy thing for a lot of packers to do will be to offer all their meat to the Government. It takes a week to collect the figures showing how many head of livestock have been slaughtered, so as one packer after another offers his meat to the Government, the War Meat Board would have no possible way of knowing whether this was meat which should have come to your town to supply your ration tickets. On the other hand, if the War Meat Board should buy this extra meat at just a little bit less than ceiling prices, the packer would find it more profitable to sell to your retailer who would pay the full price.

In this way we see the meat management plan can work only when two things have happened. The first thing is that point values must be set in such a way that there is plenty of meat for the Government to buy. The second is that the Government must buy that meat at a price which is low enough so that it always is profitable to someone to sell it to you instead, so long as you have the points with which to buy.

Now, just as the meat management plan demands that the Government's buying prices be just a little below ceiling prices in order to get fair distribution of the civilian supply of meat, so the government can use its buying prices to control the price of meat to the civilian trade.

For example, if the ceiling price for a certain class of meat is 40 cents and if the Government's price on that same meat should be 36 cents, a packer, before selling to the Government at 36 cents, would try to find a retailer whose customers had enough coupons so that retailer would buy his meat at the 40-cent price. However, it is certain that some other packer would discover that same dealer and rather than sell at the Government price of 36 cents would offer that dealer the same meat at 39 cents. Someone else, still wanting that dealer's business, would offer at 38 cents and so on until finally the price that dealer would pay would be based on the fact that the Government's 36-cent-buying price was his only competition. In this way, the War Meat Board absolutely can set the meat price levels which administration policy may determine.

If we get away from the wartime meat plan, the Army goes short of meat, part of the civilian population goes short of meat, black markets thrive, and actual prices break through our ceilings.

The consumer pays too much while the producers hold indignation meetings and legitimate small packers are forced out of business.

On the other hand, the meat management plan does all the things we want it to do.

If we use the rationing system and use it properly, we control the amount of meat which is available to you and to me and to the Government. If we let price competition handle our distribution, we will get the meat to our coupons.

By using the Government buying price to set the price level, we will control inflation.

Mr. SABATH. Mr. Speaker, I yield 5 minutes to the gentleman from North Carolina [Mr. CLARK].

Mr. CLARK. Mr. Speaker—

Mr. HOPE. Mr. Speaker, will the gentleman yield for a consent request? Mr. CLARK. I yield.

Mr. HOPE. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks and include therein a table prepared by the Bureau of Agricultural Economics.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. CLARK. Mr. Speaker, I doubt if in all the agricultural programs we have had in recent years anything has been of so much practical benefit to agriculture as the activity of the Commodity Credit Corporation. Having had some opportunity of observing its operations my conclusion is that it is a fine agency filling a very particular need and that it has been well managed.

Mr. SMITH of Ohio. Mr. Speaker, will the gentleman yield?

Mr. CLARK. I hope the gentleman will let me proceed for a little without interruption. I shall be pleased to yield later.

Mr. Speaker, I remember that in 1939 when the British Government found it had only a limited amount of dollar exchange available in this country but having at that time a considerable stock of tobacco on hand and needing munitions very much worse than it did tobacco it was obliged to withdraw from the tobacco market. Ordinarily British interests take something like 50 percent of the tobacco produced in America. The result of their withdrawal was that when the tobacco producers got ready to go to market they found the markets closed in their face. To meet this situation the Commodity Credit Corporation stepped into that picture and worked out a plan that enabled not only the reopening of the markets but gave the producers of that year's crop about the usual price they had been accustomed to.

In that year, 1939, tobacco paid taxes into the Federal Treasury of almost \$700,000,000. The next year the tobacco tax exceeded \$700,000,000. It now bids fair for this year to run much in excess of \$800,000,000. It might be said, of course, that the Government could have gotten that tax anyway, but it certainly would have been inequitable if not poor business for the Government to put in its pockets those enormous sums of money while the producers of the commodity from which it came would trek to the bankruptcy courts of the country. I say this because the record of the hearings on this bill show that its total loan and purchase transactions have amounted to \$63,000,000,000 and its total loss up to date amounts to only \$144,000,000.



The amount of the tobacco tax paid in 1 year is over five times the total loss of the Commodity Credit Corporation since it was organized.

I think it was organized first for the purpose of dealing with curing surpluses of farm commodities and for the purpose of trying to get those surpluses to markets that were not glutted and into the hands of people who needed them. Its functions from now on out I think should and will be to induce the production in balanced quantity of the food and fiber that is absolutely necessary for conducting this war. It might be said if you took the lid off and just let agriculture go, let the prices go up, there would be ample production; but there might easily be produced a great surplus of one commodity and a scarcity of some other essential commodity. By its incentive payments and by putting a flooring under the price of certain essential agricultural commodities this corporation cannot only insure the production but the balanced production of those things which are so essential in this hour.

The SPEAKER. The time of the gentleman from North Carolina has expired.

Mr. SABATH. Mr. Speaker, I yield the gentleman 5 additional minutes.

Mr. CLARK. I do not believe Congress ought just yet to foreclose itself on this question of subsidies, and I do not see how that properly comes into the picture in connection with this legislation. It is true that upon its whole operations this Corporation has lost \$144,000,000.

Mr. BROWN of Georgia. Mr. Speaker, will the gentleman yield?

Mr. CLARK. I yield.

Mr. BROWN of Georgia. On some commodities the Corporation has made money.

Mr. CLARK. I was just fixing to say that. My reason for holding that the money involved here is not in the nature of a subsidy is that the corporation has made money on certain transactions and made a profit on others. In the tobacco transaction to which I have referred, they will lose no money, nor on the enormous amount of cotton they now hold. On some of these transactions they make a profit while on others they may sustain a little loss; but that is a business venture, and where there is a possibility of a profit or a loss one cannot properly classify that as a subsidy. Furthermore, the imperative necessity of getting the production of food and fiber on a balanced program is a function of government that cannot be properly classified as falling within the realm of a subsidy. I do not understand the language of this bill to permit or prohibit the payment of subsidies. I hope the committee at the proper time will clear up the language of section 6 which, to my mind at least, at this time has nothing in it except to prohibit the fixing of prices on agricultural commodities or those commodities manufactured largely from agricultural commodities—to fix a price on it below the support price determined by the Secretary of Agriculture. I cannot see where that involves any question of subsidy.

As I said a moment ago we would not know exactly what we are going to have

to do to procure for this Nation all the food it is going to need and I am not at all prepared myself to now foreclose the question of subsidies. I do not think that any of these bills we are passing ought to foreclose the House on that subject, but that we ought to deal with the necessity or not for a subsidy as the picture becomes clear and we can see just exactly what we are called upon to do.

I now yield to my friend from Ohio.

Mr. SMITH of Ohio. I thank the gentleman for yielding to me.

Mr. Speaker, the gentleman made a statement to the effect that the Commodity Credit Corporation has been operated satisfactorily and properly up to the present time. I should like to know upon what he bases that statement? There has never been made an audit of the operations of the Commodity Credit Corporation.

Mr. CLARK. My statement was based upon my observation of its operations in my section, that it had done a good job. Certainly the hearings on this bill which I have examined indicate that there has been an annual audit, and this bill itself provides for the continuation of an annual audit.

Mr. SMITH of Ohio. There is an audit of the revenue and administration of the Commodity Credit Corporation.

Mr. CLARK. I think the gentleman will have a different idea if he looks into the matter.

Mr. BROWN of Georgia. Mr. Speaker, will the gentleman yield?

Mr. CLARK. I yield.

Mr. BROWN of Georgia. The Commodity Credit Corporation has loaned on a certain amount of cotton in the last 10 years. They have made a profit on the cotton sold of \$50,000,000. Now, they have 3,200,000 bales of cotton and it has a book value of \$30 per bale on the cotton they now have and to which they have title.

Mr. CLARK. I thank the gentleman.

Mr. MORRISON of North Carolina. Will gentleman yield?

Mr. CLARK. I yield to the gentleman from North Carolina.

Mr. MORRISON of North Carolina. Some contracts have already been made this year, have they not, for incentive payments to farmers to produce certain crops that are necessary?

Mr. CLARK. That is my understanding.

Mr. MORRISON of North Carolina. Is there danger of the prohibitive language in this bill interfering with those contracts already made?

Mr. CLARK. I do not so understand. I understand the prohibitive language in the bill to mean that O. P. A., for instance, would be prohibited from fixing a price on agricultural commodities below the supporting price fixed therefor by the Secretary of Agriculture.

The SPEAKER. The time of the gentleman has expired.

Mr. FISH. Mr. Speaker, I yield myself the balance of the time on this side.

Mr. Speaker, there is no opposition as far as I know to the pending rule. This merely makes in order a bill to continue the Commodity Credit Corporation as an agency of the United States, increase

its borrowing power, and revise the basis of the annual appraisal of its assets. I do not know of any opposition to continuation of the Commodity Credit Corporation.

There will probably be a very bitter fight, however, on the question of subsidies and the roll-back of prices on coffee, butter, and meat. If that is the case, this bill may become one of the most important bills that has come before the Congress at this session. The Congress should meet this issue fairly, openly, and squarely and say whether it is in favor of subsidies or whether it is against them. It ought to be put up squarely to the Congress because in the last analysis the Congress alone has the duty to legislate. If the Representatives of the people want subsidies, if they want political hand-outs, if they want favoritism, special privileges, and benefits, that is their business to say so, but these roll-backs or subsidy prices have been inaugurated by the O. P. A. in defiance of the Congress and against the wishes of the Congress, and not one penny of the subsidies goes to the farmers or helps to increase production.

Today when we consider this bill, I hope we will meet the issue fairly and not by subterfuge and that we will have a clear-cut vote on the question whether the Congress, Republicans and Democrats alike, want to continue the policy of subsidy inaugurated by the O. P. A. upon the initiation of President Roosevelt, who, in the last analysis, is alone responsible for the collapse and failure of the farm program. Once the camel gets his mouth, nose, and ears, and part of its head under the tent to the extent of \$175,000,000, it is only the beginning, and it will ultimately mean two or three billion dollars a year if we are to start a program of subsidy and roll-back prices on farm commodities. This is only the start. The time to stop it is right now in this bill, and that is why I am asking the Members of the House to consider it openly, fairly, and squarely and not evade the issue. Let us kill this subsidy before it destroys the farm industry, wrecks the American farmers, and ruins our national economy.

Mr. BUFFETT. Will the gentleman yield?

Mr. FISH. I yield to the gentleman from Nebraska.

Mr. BUFFETT. The gentleman speaks of the necessity of avoiding subterfuge. I would like to point out to him that in Webster's Dictionary there is no such economic term as "roll-back" but there is an economic term in there known as "rebate." That is what this scheme is. It is a rebate scheme that the American people drove out of American business in the nineties. It should properly be characterized now as a rebate.

Mr. FISH. Rebate is one definition, fraud is another, political hand-out is another. But this is the time to stop these roll-backs by a vote of Congress, a roll-back vote of Congress to stop the whole program of subsidies before it is forced on us by the brain trusters and bungling bureaucrats.

Now, you will hear some of these Democrats, good Americans, and claiming to

be Jeffersonian Democrats who for 100 years have fought subsidies in all forms, shapes, and manner, say that they are in favor of this particular kind of subsidy.

Mr. MORRISON of North Carolina. Will the gentleman yield?

Mr. FISH. I yield to the gentleman from North Carolina.

Mr. MORRISON of North Carolina. Does the gentleman not think it important in this prohibitive legislation against subsidies to insert a definition of subsidy? I am opposed to some subsidies and the gentleman defined one, but some I do not think are subsidies. Is it not important to legislate intelligently and to insert a definition of subsidy in here?

Mr. FISH. I have no objection to a fair definition of subsidy, whether it is a hand-out or regimentation or political bribery. It does not make any difference. All I am saying is that this is a subsidy, and this is the time for the Congress, in a fair, open manner, to meet that issue and vote whether it is for or against a subsidy. Of course, there must be exceptions. We have got to make certain exceptions for the war effort, such as transportation of oil and the mining of strategic war materials. Everybody will agree to that. But the fundamental proposition of roll-backs and subsidies on farm commodities is vicious and unworkable and smells as bad by whatever name it is called and every farm organization is against it.

Let us face the issue. The city Members are for it. We do not blame the city Members for being for it. They represent their districts; I represent my district; but, on the other hand, we are not fooling each other. The gentleman from New York [Mr. BARRY] knows it is a subsidy; he is an honest and able Member, and is willing to say so.

Mr. BARRY. Will the gentleman yield?

Mr. FISH. I yield to the gentleman from New York.

Mr. BARRY. Is it not true this word "roll-back," which is something new in my vocabulary, simply means a reduction of the price level of certain commodities?

Mr. FISH. By paying a subsidy to the packers or wholesalers out of the United States Treasury but none to the farmers.

Mr. BARRY. We gave the O. P. A. the power to do that.

Mr. FISH. The O. P. A. assumed that power. This amounts to a reduction of 10 percent on meat to be paid for by the taxpayers to the packers and processors. It is nothing but a subsidy.

Mr. BARRY. It has no connection with a subsidy. If the Administrator finds that the cost of living has risen, he has a right to reduce those prices without paying a subsidy at all, and that should be done.

Mr. FISH. But he does pay a subsidy; that is what he is doing now, without the authority of Congress. He is paying a 10-percent subsidy to the packers.

Mr. BARRY. Would the gentleman be in favor of reducing prices, rolling them back, or whatever you want to say, if they are out of proportion, without a subsidy?

Mr. FISH. Certainly. I believe Mr. Baruch was right that we should have set maximum prices on all commodities.

Mr. BARRY. Food prices have risen 40 percent since January 1941.

Mr. FISH. When you start giving subsidies on farm products, there is no end to it.

Mr. BARRY. Forget the subsidy.

Mr. FISH. I cannot forget it. It is a fact. That is what is being done. The gentleman is talking about something academic and theoretical, that might happen if there were no subsidies.

Mr. BARRY. It is not theoretical.

Mr. FISH. I might agree with the gentleman if there were no subsidies, but there are subsidies, and that is what we are objecting to.

Mr. BARRY. Food prices have risen 40 percent since January 1941.

Mr. FISH. May I ask the gentleman a question?

Mr. BARRY. Yes.

Mr. FISH. If we put a drastic provision in this bill—there is already one in it, but the gentleman from Michigan [Mr. Wolcott] will submit an even more severe one—which I hope will be adopted by the votes of the Members of Congress—which does away with subsidies; will the gentleman support it?

Mr. BARRY. If I face the choice of inflation or subsidies, I will vote for subsidies.

Mr. FISH. Then the gentleman is for subsidies, which is his right. I am opposed to all subsidies, Government hand-outs, and political bribes, all the way through.

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield to the gentleman from Michigan.

Mr. HOFFMAN. Why all the excitement now? This administration has been buying votes one way or another ever since its inception.

Mr. FISH. The administration now wants to do it on a much larger scale.

Mr. HOFFMAN. I do not know how that is possible.

Mr. FISH. The existing roll-backs require \$175,000,000. That is only a start and would probably involve two or three billion dollars in subsidies within the next couple of years. The fourth-termers will need more money to buy votes next year than was needed a few years ago. That is why I say this is one of the most important issues before Congress because of the huge sums of money that would be inevitably asked for subsidies and political hand-outs.

Mr. HOPE. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield to the gentleman from Kansas.

Mr. HOPE. Referring to the statement of the gentleman from New York [Mr. BARRY] as to whether we should prefer subsidies or inflation, is it not true that as far as the roll-back type of subsidy is concerned, it is inflationary and contributes to inflation?

Mr. FISH. Yes. It does not help the farmers one iota. It does not help them

increase production. It does not give them any more money, and the money for the subsidy to the packers comes out of the taxpayers' pockets, which also further burdens the farmers. If we are going to have subsidies without the express wish, or rather, in defiance of the Congress, we will have sunk to the level of the Reichstag. It is time we met this issue squarely and voted our convictions and put an end to government by bureaucrats and subsidies.

Mr. BARRY. Mr. Speaker, will the gentleman yield?

Mr. FISH. I will always yield to my distinguished and good friend. I know we do not agree on this issue, but I am perfectly willing to have him express his views.

Mr. BARRY. Between organized labor on one side and the farmer on the other is the great middle class of America, the white-collar class, whose income has not increased. They are being squeezed right in the middle. This subsidy plan by keeping the prices down will help that great mass of people, the majority group.

Mr. FISH. I know what the gentleman means. The gentleman is representing his district and doing it ably, conscientiously, and honestly. He represents the consumers in his district. For the balance of my time let me represent the constituents in my district, one of the largest dairy districts in the United States, if not the largest. Delaware County, recently added on to my new district, is the largest dairy county in America. My district is also a large poultry district. Some of my farmers have lived on those farms since the Revolutionary War, most of them, long before the New Deal and the alphabetical system came into power which has all but wrecked and ruined them. The shortage or lack of corn because of the vicious New Deal regimentation is disastrous to my farmers and ruining them.

The SPEAKER. The time of the gentleman from New York has expired.

Mr. SABATH. Mr. Speaker, I yield 3 minutes to the gentleman from South Carolina [Mr. FULMER].

Mr. FULMER. Mr. Speaker, I want to speak briefly on this subsidy matter. I deeply appreciate the attitude of those who represent the consumers on this matter because they really believe it is going to help the consumers and that it is not going to hurt the farmers. However, if they knew more about price fixing and the various middlemen operating between the farmers and the consumers, they would want to put their finger on the real sore spot.

Since we have been talking about paying processors a subsidy to bring about production down on the farm and to help consumers, what has happened? Processors have held up buying except at lower prices. Hogs and cattle have gone down from 2 to 3 cents. The farmer has no way of telling the packer, "My price is 14 or 15 cents." He says to the buyer of hogs, "What will you give me for my hogs or my cattle?" You can pay the subsidy, but that does not mean that the farmer



is going to get what we call parity, because they can still roll it back, and you are going to find out that it will not help the consumer; and if so, it will amount to very little per family.

Why do you not do the same thing for farmers that you are doing for industry? The industry gets the subsidy. When you want the industry to manufacture guns, tanks, and airplanes, you tell him to go ahead, buy material, and pay whatever is necessary to get it, employ all the employees it can, and have them hanging around, it may be, paying them any kind of wages. You just as well tell him, "Make the amount as high as you can and we will guarantee you a profit on all of it." You should visit some of these plus-profit jobs and look around and see all the waste. Find out about the advertising, all of which is added in with a profit.

Let us just take this thing from a common-sense viewpoint. Suppose we have a race out there, and you want a certain young fellow to win. Would you go and pay the manager of the racer to steam up the fellow who is going to make the race? No; you would call the man that you want to win aside and say, "John, if you will win this race, I will give you \$100," and that boy is going to step in and win. You have given him an inducement, an incentive. Packers do not produce hogs or cattle. They could take the subsidy and still roll the price back on the farmers. What a joke.

I am against subsidies in any instance; if you will give the farmer that to which he is entitled, you do not have to even give him a subsidy. Let us start at the bottom with proper differentials on up through the packer and others, including retailers, and give each group that to which it is entitled. Then if some of these parasites operating between the farmer and the consumer are sapping the lifeblood out of the consumer, let us get rid of them. There are plenty of them operating between farmers and consumers. Under the procedure now, all of these middlemen are taken care of by O. P. A., every one of them fixing their price with a profit, and that is the problem confronting consumers. Yes, this is the consumer's serious problem, and there is nothing you can do about it unless we streamline our marketing and distribution system and weed them out.

**THE SPEAKER.** The time of the gentleman from South Carolina has expired.

**MR. SABATH.** Mr. Speaker, it is amusing to a man who knows a little of the history of subsidies to listen to gentlemen on the Republican side this morning. I remember that the gentleman from New York [Mr. Fish] and all gentlemen on the Republican side in advocating and supporting high tariff legislation always favored subsidies for shipping corporations, or for the mail service, and for all other small corporations that have been making millions out of their business, and that they all voted for them, but now when they believe there might be a little subsidy given to the poor farmer—I mean the small farmer—

**MR. WILSON.** Mr. Speaker, will the gentleman yield?

**MR. SABATH.** No—out of which the consumer may to some extent be benefited; especially that consumer whose wages have not been increased hardly at all in the last 10 years, who is still working for meager wages or salaries, whose cost of living has been increased from 100 to 110 percent and in some instances 200 percent, my colleague from New York [Mr. Fish] and others oppose it. That would be taking money out of the Treasury. Personally I think we should help the little fellow who needs our help as against those who do not need it.

Lest I forget, my really good friend the gentleman from Michigan [Mr. MICHENER] tried to place me in a position where I was opposed to producing all the needed pork or beef. On the contrary, I am for greater production. I think the farmers should be persuaded or urged to dispose of the corn which they are holding and hoarding for a still higher price, so that it can be fed to cattle and hogs in order that we may produce more meat to supply our Army as well as the civilian population. Of course the gentleman must have misunderstood me when he charged that I was trying to restrict production.

Then there was something said about the "black market."

The gentleman from Michigan has asked me whether I would withdraw my remarks as to the black market. I wish I could, but due to the many resolutions and information I have received, the facts are that the farmers selling outside of the regulations for a much higher price by a quiet arrangement with the livestock farmers dispose of their corn for feed purposes.

Now, Mr. Speaker and gentlemen, in addition to this information as to the black market, I have received several resolutions from the cattle, hog, and livestock feeders from several States, who assert that unless the roll-back order is rescinded they will immediately stop shipping their cattle and hogs to the market. Of course, that is very patriotic, extremely so, on their part, and I presume some of you gentlemen feel that it is patriotic. I do not. I think these organizations should not control the action of the Congress, because on its face their conduct shows a selfish and avaricious aim on their part in trying to force the Government to do or not do certain things, and trying to stop the Government from placing a ceiling on cattle and hogs. I feel that this should have been done from the very beginning.

Mr. Speaker, I insert at this point several telegrams and excerpts from letters which I have received from these selfish groups. Copies of these communications have been sent to the President, they are as follows:

WASHINGTON, D. C., June 23, 1943.

HON. ADOLPH J. SABATH,  
Member of Congress,  
Washington, D. C.:

At a conference of Midwest Farm Bureaus, meeting in Chicago today, the following resolution was adopted: The subsidy and price roll-back on foods proposed by the administration is a subterfuge for increasing wages

and other consumer incomes already at inflationary levels. It will be expensive to administer, benefits will be small in proportion to total cost, it will continue the already existing ruinous confusion, it contributes to rather than controls inflation, it will decrease rather than increase both agricultural and industrial production, it will impose further regimentation of production and distribution, and will aggravate our post-war price and income problem. For these and other equally important reasons this conference of Midwest Farm Bureaus, representing 12 States and 300,000 members, respectfully petitions our Federal administrative authorities to cease their effort to inflict this program upon us. We call upon our Congress to enact legislation which will prevent any general continuance or revival of this ill-advised experiment. Copies of this resolution shall be sent each Senator and Congressman from these Midwest States and also to all proper Federal administrative authorities.

CONFERENCE OF MIDWEST FARM BUREAUS  
OF THE AMERICAN FARM BUREAU FEDERATION.

JUNE 19, 1943.

DEAR SIR: For your information, the following wire was sent to President Franklin D. Roosevelt, June 18, 1943:

"The following resolution was passed in Fremont, Nebr., June 17, 1943, at a meeting of 700 livestock producers and feeders, representing many thousands more: 'In order to guarantee an adequate supply of pork, beef, and lamb for (1) armed forces, (2) the civilian population, and (3) lend-lease, that they demand that James Byrnes, Director of Office of War Mobilization, rescind his order, which is effective Monday, June 14, 1943, rolling back wholesale prices and ordering subsidies to be paid on beef, pork, and lamb and if it is not immediately rescinded the producers and feeders of the Corn Belt States will request all feeders and producers to withhold the marketing of slaughter animals effective Monday, June 28, pending compliance with their demand and further, that the feeders of the Corn Belt States demand that the reflected price on meat animals be sufficient to cover cost of production.'

"During the last week, because of the break in prices of live animals marketed, the producers and feeders have lost hundreds of thousands of dollars. The request to withhold the marketing of slaughter livestock would be made to save the producers from these losses during this period of uncertainties. Further, the Corn Belt producers and feeders of livestock stated in a resolution, 'We, the livestock feeders and producers from 28 counties in Nebraska and 9 in Iowa, oppose the roll-back and subsidy program on meat, butter, and coffee as un-American, inflationary, and discriminatory.' The livestock producers and feeders of the country at the request of the proper authorities in charge, and at your personal request, have increased the production and marketing of livestock to the highest levels in the history of this country. The decision to keep slaughter livestock off the market would not mean a strike in production, because the production of meat tonnage would continue on animals now in feed lots. Many feed-lot operators, however, already have been discouraged from buying additional livestock and have ceased making replacement purchases with the result that thousands of feed lots already are empty or are rapidly being emptied. In this they are influenced not only by price roll-backs recently announced, but also by the fear of further price reductions by the same method in the future.

"The apparent lack of understanding on the part of people in Washington as to the seriousness of the food situation and their unwillingness to request and accept the counsel and advice of people with knowledge

and practical suggestions for solution gives them no choice but to take drastic action and insist that this whole problem have your personal, immediate attention.

"HARRY GARDNER,  
"Oakland, Iowa.  
"HERMAN DINKLAGE,  
"Wisner, Nebr.  
"Resolution Committee."  
HARRY GARDNER,  
HERMAN DINKLAGE.

CHICAGO, ILL., June 22, 1943.

ADOLPH J. SABATH,

Member of Congress, Washington, D. C.

The members of the National Live Stock Exchange most respectfully urge your strong support of amendment to Steagall bill, H. R. 2869, Commodity Credit Corporation. This amendment prohibits the use of Government funds for payment of subsidies and roll-back of price. Your assistance will be appreciated.

JOHN SANDERS,  
President, The National  
Live Stock Exchange.

I do not want to criticize the administration, but even this great administration, that always has the interest of the masses at heart, makes mistakes when they listen to some of the Republicans who happen to be in important positions, and I hope this influence, if any, that has been exerted, will be eliminated. If we expect to have reasonable prices on meat we must necessarily place a ceiling on cattle and hogs, fully appreciating that it is manifestly unfair to place a ceiling on meats without at the same time placing one on livestock. Not that I am interested in the packers. In fact, I shall, if time permits, explain more thoroughly my position as to the packing industry. They are not losing money, but they are trying to make the country believe they are being ruined. These, however, are the facts:

Mr. Speaker, today we are considering one part of this home-front crisis—that part which has to do with national economic stabilization—control of cost of living. Avoidance of inflation is absolutely imperative if the home front is to be a strong foundation for the battle front. Up to now prices have not been controlled effectively but have been soaring through rising price ceilings and lack of enforcement. An attack is under way by the representatives of special interests—the great trade associations, the great retail-wholesale associations, the great meat-packing associations, and great real-estate associations—all designed to gain special profit at the cost of wrecking the national stabilization program. This offensive against the war effort at home has created a major crisis for the Nation. It is a fine thing that the Congressional Committee for the Protection of Consumers has been organized to make a vigorous fight on this issue. I am glad to be a part of it.

MEAT PROFITEERING IS SAMPLE OF TOTAL PICTURE

On Wednesday the Washington Post carried a story, as have other parts of the press, in which they refer to "the continued strike against O. P. A. price policy by major beef slaughterers of the country," which was leading to a crisis in the meat supply of the Nation for war workers, for the Army, and for citizens generally. This strike is just as reprehensible

as the coal-miners' strike and has just as serious potentialities for the war effort. It is a clear attempt on the part of the large meat packers to force the Government to adjust its price policies to suit their desires for maximum profits.

While meat packers claim hardship, the facts are that they have profited at enormous rates from their meat sales during the wartime. Specifically, official Government analysis of profits of 17 leading meat packers shows that profits in 1942 increased 460 percent over the average profits for the pre-war period of 1936-39. Under these circumstances can they scream "hardship"? Even after taxes the increase in profits was almost 300 percent for these 17 leading meat packers, which includes Armour, Cudahy, Hornel, Swift, Wilson, and so forth. It is an attempt to maintain these profit levels that the meat packers organized their great lobbies to fight vigorous price-control policies on the part of the Government. It is the obligation of the agencies administering this program and of the Congress to see to it that they do not succeed in this sabotage of the Nation's war effort.

These large packers, because of their size, have been able to take advantage of the small packers, squeeze them out of business, and increase their own monopoly power in the industry. This must stop. The Government must control the pricing process and the distribution of meat from beginning to end. It is imperative that prices be put on livestock to avoid the inevitable squeeze between uncontrolled livestock prices and controlled retail prices. The use of the subsidy program to roll back these prices is clearly the only means of reducing the cost to the consumer of this vital part of their food budget.

Mr. FULMER. Mr. Speaker, will the gentleman yield?

Mr. SABATH. Yes.

Mr. FULMER. Just to state to the gentleman that he is now giving some good information to the House, because when you fix the price of meat without fixing the price of hogs or cattle, then the price of hogs or cattle can go anywhere, to a point where the packer cannot afford to buy them, but if you start at the bottom and fix the price on the raw material with proper differentials, then you will never need to change the differential unless wages go up or down.

Mr. SABATH. I thank the gentleman for his observation, and yield now to my friend from Indiana.

Mr. WILSON. Is it the gentleman's opinion or impression that the farmers are in favor of these subsidies?

Mr. SABATH. From my observation I think the farmers will not refuse them, because so far they have been glad to get anything that they have been able to get. In fact, they have been receiving more than they asked for from this Congress, and still do not appreciate it. That is what I cannot understand—when we have done so much for the farmer by which they are now getting two or three or four hundred percent more for their products than they did under a Republican administration, yet

they still seem to refuse or fail to recognize the benefit accruing to them and the good that has been done for them by the Democrats.

Mr. FISH. Oh, the farmers will not get 1 penny of this subsidy. It will go to the packers. Not 1 dime of it goes to the farmers.

Mr. SABATH. I am not interested or in favor of any subsidy to the packers unless where it be actually necessary to equalize conditions to bring about a reduction in the cost of living. I am interested in the little fellow. That has been my aim, and it is because the little fellow needs protection.

Mr. DONDERO. Mr. Speaker, will the gentleman yield?

Mr. SABATH. Yes.

Mr. DONDERO. I know that the gentleman is sincere in his statement in regard to the little farmer, but at the beginning of the session today I read to the House two telegrams from two small farmers' associations in my district, and they are all against this idea and theory of a subsidy, and in the telegrams they said that they resented it.

Mr. SABATH. I am not entirely wedded to a subsidy, as I stated, with the exception of where it might reduce an unjustifiable high cost of living. I am speaking on the roll-back of prices. I think the prices of commodities should be reduced because they were permitted, due to your unfortunate delay and interference with the O. P. A., and the prices have not been fixed as they should have been fixed. Prices are too high, and the cost of living is too great. It should be reduced not only by 10 percent, but by 25 percent, because the 21,000,000 of white-collared people and wage earners in this country, as I said before, cannot live and pay the prices today on the wages that they are now receiving.

It is amazing that the Commodity Credit Corporation, having rendered such great and beneficial service to agriculture, having raised farm prices, that now the same Republican gentlemen are endeavoring to restrict the activities of that Corporation because it might find it necessary to limit profits and thereby to some extent reduce the cost of living.

This morning and this afternoon a meeting was held by many sincere and well-meaning Members of Congress, which I regret I was unable to attend, due to my being obliged to remain on the floor. This conference is being held because the whole war effort is being jeopardized by the attack on the home front being made by a combination of Axis sympathizers, profiteers, business-as-usual followers, and a few misleaders of labor, such as John L. Lewis. This disruptive activity has led to such disastrous actions as the recent race riots in Detroit, Mich., Beaumont, Tex., and Los Angeles, Calif., which threaten the effective unity of the Nation to win the war. "Business as usual" has resulted in a serious condition in our war-production program, as was indicated by Under Secretary of War Patterson, who last week reported to the Nation that production was 5½ percent behind schedule and that this would inevitably result in the needless loss of American lives on the battle



front. It is also evident from the report of the Kilgore committee of the Senate, which points out the very serious shortcomings on the home front.

The SPEAKER. The time of the gentleman from Illinois has expired. The question is on agreeing to the resolution. The resolution was agreed to.

#### URGENCY DEFICIENCY APPROPRIATION BILL, 1943

Mr. CANNON of Missouri. I ask unanimous consent to take from the Speaker's table the bill (H. R. 2714) making appropriations to supply urgency deficiencies in certain appropriations for the fiscal year ending June 30, 1943, and for prior fiscal years, and for other purposes, further disagree to the Senate amendment to the House amendment to Senate amendment No. 5 and further insist on its disagreement to Senate amendments Nos. 60 and 61, and ask for a conference with the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

Mr. TABER. Mr. Speaker, reserving the right to object, in the other body when this came up there was a prolonged discussion about the right of a legislative body to take people off the rolls. Just so that the House and the country may know what the other body thought of the right to do this sort of thing, I desire to read a paragraph from S. 575, which passed the Senate on June 14. The paragraph is as follows:

Page 2, line 9: "No person shall hold any such office or position after June 30, 1943, unless he shall have been so appointed: *Provided*, That any person now holding any such office or position who was not so appointed"—

That is, with confirmation by the Senate—

"may continue to hold such office or position until his successor is appointed or qualified, or until September 30, 1943, whichever is earlier, if nomination for the appointment to such office or position has been submitted to the Senate prior to June 30, 1943."

The Senate passed that bill which threw everyone off the rolls who had not been confirmed by the Senate and who received a salary of over \$4,500 a year, on the 14th of June by a vote of 42 to 29—just exactly the same proposition that the House presented in H. R. 2714.

The SPEAKER. Is there objection to the request of the gentleman from Missouri? [After a pause.] The Chair hears none and appoints the following conferees: Mr. CANNON of Missouri, Mr. WOODRUM of Virginia, Mr. LUDLOW, Mr. SNYDER, Mr. O'NEAL, Mr. RABAUT, Mr. JOHNSON of Oklahoma, Mr. TABER, Mr. WIGGLESWORTH, Mr. LAMBERTSON, and Mr. DITTER.

#### DISTRICT OF COLUMBIA APPROPRIATION BILL, 1944

Mr. MAHON. Mr. Speaker, I ask unanimous consent that the House conferees may have until midnight tonight to file a report and statement on the appropriation bill for the District of Co-

lumbia for the fiscal year ending June 30, 1944.

The SPEAKER. Is there objection? There was no objection.

#### COMMITTEE ON THE PUBLIC LANDS

Mr. ROBINSON of Utah. Mr. Speaker, I ask unanimous consent that the Committee on the Public Lands may be permitted to sit today during the general debate on the pending bill.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. MICHENER. Mr. Speaker, I ask unanimous consent that on Friday, July 2, 1943, after the legislative program of the day and any other special orders, the gentleman from Michigan [Mr. ENGEL] may address the House for 30 minutes.

The SPEAKER. Is there objection? There was no objection.

#### IMPROVEMENT OF COLUMBIA RIVER

Mr. SABATH, from the Committee on Rules, submitted the following privileged report (Rept. No. 602) to accompany House Resolution 262, authorizing the Committee on Irrigation and Reclamation to make an investigation of the plans for the improvement of the Columbia River, for printing in the RECORD:

*Resolved*, That the Committee on Irrigation and Reclamation, acting as a whole or by subcommittee, is authorized to make an investigation of the plans for the improvement of the Columbia River and its tributaries for utilization of its waters for reclamation, flood control, navigation, and hydroelectric power generation, and the cost and effect of proposed water storage in Lake Pend Oreille in the State of Idaho.

The committee shall report to the House (or to the Clerk of the House if the House is not in session) as soon as practicable during the present Congress the results of its investigation, together with such recommendations as it deems advisable.

For purposes of carrying out the provisions of this resolution, the committee, or any subcommittee thereof, is authorized to sit and act during the present Congress at such times and places within the United States, whether the House is in session, has recessed, or has adjourned, to hold such hearings, to require the attendance of such witnesses and the production of such books, correspondence, memoranda, papers, and documents, by subpoena or otherwise, to take such testimony, and to have such printing and binding done as it deems necessary. Subpenas shall be issued over the signature of the chairman of the committee, and may be served by any person designated by the chairman.

#### CONTINUING COMMODITY CREDIT CORPORATION AS AN AGENCY OF THE UNITED STATES

Mr. STEAGALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 2869), to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 2869, with Mr. WOODRUM of Virginia in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Alabama [Mr. STEAGALL], is recognized for 1½ hours and the gentleman from Michigan [Mr. WOLCOTT] is recognized for 1½ hours.

The gentleman from Alabama is recognized.

Mr. STEAGALL. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, this bill involves matters that have been before the House in one way or another for quite some time. I assume that Members of the House understand the issues that will arise in the discussion of the legislation and that Members know already how they stand on these issues. So, for the present, I am going to undertake to explain the provisions of the bill briefly.

Section 1 of the bill provides for a change in the manner of accounting which the Commodity Credit Corporation is required to make annually. Heretofore the calculation has been for the appraisal of commodities on hand, including not more than 1 year carrying charges on the assets of the corporation or the average market price of the assets for a period of 12 months. Under the present bill the calculation would bring the accounting down to date, so that the appraisal of assets would be for the average market price during the last 30 days' period of the fiscal year, or the cost of the assets whichever is lower.

The Corporation desires that change because it is their view that such an accounting would present to the Congress and to the country a more accurate disclosure of their assets and liabilities and that it would complete their transactions down to the end of the fiscal year. There is no objection on the part of members of the Committee on Banking and Currency with respect to that provision of the bill.

Section 2 of the bill would increase the borrowing capacity of the Corporation in the amount of \$500,000,000. I have here an extended statement, prepared by the Corporation, showing their liabilities and assets along with the estimates which they have made of the requirements for carrying out their program for the next fiscal year.

The officials of the Commodity Credit Corporation submitted a proposal for an increase of a billion dollars, but the Committee on Banking and Currency felt that we should hold down the authorization, as far as might be safely done, and we think that we can be reasonably assured that the work of the Corporation, as it will be curtailed under the provisions of the bill before us, will not be endangered in any way by reducing the amount from \$1,000,000,000 to \$500,000,000.

Section 3 of the bill provides for the extension of the life of the Corporation.

Under existing law the life of the Corporation would terminate at the end of the present fiscal year. The bill provides for an extension for a period of 2 years from the end of this fiscal year. There are certain responsibilities imposed upon the Corporation that will run for years longer, but it was thought that we might very well, for the moment, limit its life to an additional 2 years. That is section 3 of the bill. There was no omission in the committee on this provision.

Section 4 of the bill is not controversial. It would make the Federal Reserve banks fiscal agents of the Corporation.

Section 5 of the bill would amend the Federal Reserve Act so far as it places a limitation upon loans that may be made by Federal Reserve banks to executives of the banks, insofar as those loans are secured by the Commodity Credit Corporation. The Commodity Credit Corporation, of course, is a Government corporation with provisions to secure the maintenance of its capital of \$100,000,000 and with its obligations specifically guaranteed by the Treasury of the United States.

Section 6 of the bill deals with the much-discussed subject of subsidies. There will be an amendment proposed in the nature of a substitute for this section.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. STEAGALL. Mr. Chairman, I yield myself 10 additional minutes.

This provision of the bill, as reported by the committee, would prevent the payment of subsidies to maintain prices for agricultural commodities or commodities processed in substantial part from agricultural commodities, below a price as high as the support price established by the Commodity Credit Corporation, or below the standards embodied in the Price Control Act, with the exception that wheat may be sold for feeding purposes if sold at not less than the parity price of corn, and with the exception that adjustments may be made to bring about or maintain necessary relationship in the price of oils and fats required to assure adequate production for the war effort.

There is also a provision which makes this limitation effective after 60 days following the approval of the act as to agreements made by the Corporation prior to the approval of this act.

I think there is some confusion with respect to what necessarily are subsidies as involved in the activities of the Corporation.

It will be remembered that the Commodity Credit Corporation was established for the purpose of protecting the orderly marketing of products. Under those operations there was no handout to farmers. There was no subsidy in the true sense of the word. It was a business operation and I do not think anybody denies that it accomplished wonderful good, not alone for the farmers of the Nation, but in support of the entire national economy. Right here I wish to say that the management of

the Commodity Credit Corporation has been commendable. Their business seems to have been conducted with remarkable success, and I think the country is fortunate in the manner in which this agency of the Government has been administered.

Legislation was enacted which required the Corporation to support farm prices on commodities which were not included in the original act, as basic commodities. There have been some losses on those operations.

As to the lending activities of the Corporation, they have operated at a substantial profit. The accounts, brought down to date and counting commodities at their market value would show more than \$150,000,000 profit on those operations.

I do not see how anybody can contend for a moment that those operations stand in the category of subsidies such as the case where, under the Price Control Act a price is fixed below the standard required in the act and then the Treasury required to make up the difference by handing somebody cash. There is a vast difference between the practice of supporting prices by the Corporation and taking money out of the Treasury to pay a citizen's grocery bill or to hand to a processor or a manufacturer to enable him to make a profit.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. BARRY. Will not the gentleman concede that the only difference between parity payments to the farmer, soil conservation payments to the farmer, and roll-back on consumer prices is that in the one case it helps the farmers and in the other case it helps the consumer?

Mr. STEAGALL. I suggest to the gentleman that he might more wisely direct his solicitude to the production of the food the consumers of the country are going to need to sustain their lives rather than quibble over such matters as indicated by the gentleman's question.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. ROBSION of Kentucky. Is it not clear that if we adopt this bill it will increase the food and fiber production of this country?

Mr. STEAGALL. I do not know that the people of this country are in danger of going hungry, but the best advices we can get from all sources indicate that there is a possibility of a serious food shortage in the United States.

Mr. ROBSION of Kentucky. Will this help the situation?

Mr. STEAGALL. That is what it is intended to do and what we hope it will do.

Mr. ROBSION of Kentucky. One further question if the gentleman will permit. I understood the gentleman from North Carolina [Mr. CLARK] to say that we have a loss on the corporation's operations at this time of about \$144,000,000. Am I correct?

Mr. CLARK. That is correct.

Mr. ROBSION of Kentucky. But I understood the distinguished chairman of the committee to state that we have a profit of \$150,000,000. How are these two statements to be reconciled?

Mr. STEAGALL. What I said was that under the lending powers of the corporation their accounts at this time would show a profit of more than \$150,000,000 calculating their accounts, which is provided for by existing law by counting their commodities at market value. That was the statement I made.

Mr. MONRONEY. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Oklahoma.

Mr. MONRONEY. In referring to subsidies and their vicious effect on prices and production, I would appreciate it if the gentleman would explain to the House the vicious subsidies, if any, that have been indulged in by the Commodity Credit Corporation.

Mr. STEAGALL. The Commodity Credit Corporation down to this time has not engaged in any considerable service of that kind, and the losses are not enormous.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. STEAGALL. Mr. Chairman, I yield myself 3 additional minutes.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. PATMAN. In connection with subsidies, is it not a fact that the principal subsidy we have in this country is as old as the country itself? That is the tariff.

Mr. STEAGALL. There have been subsidies in numerous instances. That has been referred to here. But there is not any subsidy in undertaking to protect the farmers of the country in the orderly marketing of their products, and that is what the Commodity Credit Corporation was established for. We have passed laws for the protection of labor; we have recognized the obligation of government to see that those engaged in the manufacture of the essentials of war make a profit. We pulled the bridle off the O. P. A. Act so far as organized labor was concerned. Wages were allowed to soar. Meantime, there was specific authorization for the control of prices of farm commodities. Everybody understands that the way to get production is to pay fair prices. Laborers on the farms have been attracted by higher wages elsewhere, paralyzing the production of necessary food and other products—everybody understands that. Certainly no man can make any serious pretense of opposing inflation if he proposes to have the Government borrow money and incur an increase in the bonded debt of the Nation in order to pay the grocery bills for people whose salaries and wages are at levels never known before in the history of the country.

One other provision of the bill I wish to discuss briefly. We have conferred upon the Food Administrator, by this bill, the authority to increase price ceilings or maximum prices established by



the O. P. A. Administrator, if found necessary by the Food Administrator, to increase production essential to the conduct of the war.

Mr. Chairman, I think that covers briefly the provisions of the bill.

The CHAIRMAN. The time of the gentleman from Alabama has again expired.

Mr. WOLCOTT. Mr. Chairman, I yield myself 15 minutes.

The CHAIRMAN. The gentleman from Michigan is recognized for 15 minutes.

Mr. WOLCOTT. Mr. Chairman, the subject matter of this bill seems to be highly controversial. It is made controversial by the attempt of some to interpret existing law differently than what some of us believed to have been the original intent of Congress. Although the bill is controversial in at least one respect it is a subject which I think with a little explanation can be readily understood. In order to understand it we have got to approach it from a little broader viewpoint than some of us have had in the past few weeks. We have been seemingly hopelessly enmeshed in a labyrinth of conflicting thought in respect to subsidies, and inasmuch as the most controversial feature of this bill has to do with the subject of subsidies I intend to devote most of my time to that subject.

Mr. WRIGHT. Mr. Chairman, will the gentleman yield at that point before he gets further in the bill?

Mr. WOLCOTT. I yield.

Mr. WRIGHT. Does not the issue in this bill revolve around section 6 whether or not the increased cost of processing farm commodities should be passed on to the ultimate consumer or whether a portion of it should be borne by the Government?

Mr. WOLCOTT. I think the gentleman is correct in that observation.

We have on several occasions authorized subsidies to encourage the production of food and strategic and critical materials which have been essential to the war effort, still are and will continue to be essential to bring this war to a victorious conclusion. So we have had to be very careful to distinguish between the subsidies which would promote the production of food and essential critical materials and this other entirely new philosophy of subsidies which contemplates that the Federal Government obligate itself to pay at least a part of the grocery bill for all of the people of the Nation without regard to a person's ability to pay his own grocery bill.

In this connection, and in order to crystallize the issue as to whether the American people today might not be in a better position to pay their food bill than ever before in the history of this country, I want to read one sentence from the last report of the Bureau of Agricultural Economics of the United States Department of Agriculture in which, in summarizing their findings, it is said:

The total cost to consumers of fixed quantities of food making up a typical consumer's

food basket was smaller in relation to average consumer income in recent months than at any other time on record.

That is not amazing because we know that consumer purchasing power has been increasing by leaps and bounds. What do we do when we subsidize for the purpose of providing that the Government shall pay the grocery bill of the Nation? I have already differentiated between the two classes of subsidies. In order to prevent inflation because of this ever increasing purchasing power, which is a constant and increasing threat to inflation, it is found desirable to siphon off a large part of this purchasing power. When the tax bill was before the House we were warned that if we did not adopt that tax bill and perhaps more drastic tax bills in the future the national income would constitute such a pressure against the inflation ceiling that within a very few months we would break through and inflation could not be controlled.

The only way that we can siphon off this purchasing power so that there will not continue to be this constant threat to inflation is, first, by taxation, and, second, by the sale of bonds to individuals who will hold those bonds. If we subsidize the consuming public out of the Federal Treasury we increase the pressure which results in inflation proportionately as we raise the money to pay for the subsidy. The only way we can raise the money to pay for the subsidy is by bonding or, as I said, paying taxes, raising taxes, but we have got to raise this money immediately by bonding.

We sell our bonds. We sell those bonds wherever we find a market for them and if the market for those bonds was wholly or largely in private investment there would not be too much danger of inflation; but, unfortunately, the public is not responding to our bond programs to the point where there is much encouragement that we can stop inflation by siphoning off purchasing power through the sale of bonds. In the last drive which was a tremendous success, the goal was \$15,000,000,000 of bonds to be sold. We actually sold \$18,000,000,000 in bonds.

We sold \$3,000,000,000 in bonds more than our goal. But the program called for the sale of something over \$5,000,000,000 of bonds to private individuals, and in that respect the drive was a lamentable failure because private individuals bought less than \$3,000,000,000 worth. So, although we went over three billion beyond our goal, we sold only \$3,000,000,000 to private individuals. The rest of the bonds were sold to commercial banks, investment syndicates, to insurance companies, corporations, and so forth.

Now, the bonds which are bought up by commercial banks constitute the primary danger of inflation and the commercial banks are increasingly becoming more important than any other element in the sale of bonds for the reason that from now on it is expected that the commercial banks will have to take much larger amounts of these Govern-

ment issues. What do the commercial banks do with these bonds? They put them up as collateral security for the issuance of currency, they take that currency and buy more bonds, they take those bonds and use them as collateral for more currency to the point where the volume of circulating media has increased from about \$5,000,000,000 to over \$16,000,000,000 in the last few years. Let us not fool ourselves at all. So long as the commercial banks can convert Government holdings into cash, we are going to have cash enough to prosecute the war.

Mr. Eccles, appearing before our committee, said that the amount of currency which could be issued on the basis of existing gold and bond holdings was so large that he would not even hazard a guess on any limitation. I put the question to him: Would you think that on the basis of present bond holdings and gold holdings the banks could issue \$500,000,000,000 in currency? He said, "Oh, yes; at least that." Of course, that constitutes inflation. Every time we increase the facilities for the depreciating of our currency we contribute to inflation.

Is there an individual in the United States today who wants his boy and his girl—and whether that boy or girl is in the armed forces or not is not too material—I repeat, is there a man or a woman in the United States today who wants to obligate his son or his daughter to pay this month's grocery bill for him? When you subsidize the grocery bill of the Nation such as is contemplated, such as will be done unless we pass remedial legislation, you are passing on to posterity the grocery bill which you should pay today out of the largest national income that this Nation has ever had.

Mr. BARRY. Will the gentleman yield?

Mr. WOLCOTT. I cannot at the moment. I anticipate what the gentleman is going to say, and I hope he will cover the subject. I trust I can yield to him later on.

Mr. Chairman, as I read section 6 of the bill I do not think as it is now written it stops the payment of subsidies to the consuming public. Before I get into that I want to say just a word in respect to the position in which labor finds itself in this subsidy program.

Starting next July 1 every man and woman who has a pay check or pay envelope is going to have deducted from that pay check or that pay envelope up to 20 percent of his income. That is based upon present commitments and the present Budget.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WOLCOTT. Mr. Chairman, I yield myself 5 additional minutes.

It has been suggested that to stabilize the prices to the ultimate consumer we increase the national debt by not less than \$2,000,000,000. This means that if it is carried through—I am now referring to the statements made by Mr. Green before the Senate committee, not the statements made in the hearings—\$2,000,000,000 is the initial amount. Next year it might

be \$5,000,000,000 if prices are allowed to continue to go up. It might be \$10,000,000,000.

When organized labor, or all labor, anybody that works for a living who gets a pay envelope or a pay check, has 21 percent of his income deducted from his salary instead of 20 percent, is he not going to come to us and say, "Well, was not that a nice thing that you fellows did. You paid subsidies out of the Federal Treasury. You made me think that I was paying less for my food than I would otherwise, and all you did was turn around and take what I would have paid my corner groceryman last month, and you took it out of my salary and paid it into the Treasury which in turn paid it to the corner groceryman." That is what he is going to say to you. And when that is done, you are going to have a terrible time explaining to him that in addition to taking this dollar more out of his pay envelope and giving it to the Treasury to give to the corner groceryman he has had added to the national debt represented by subsidies 4 percent per year, because the carrying charge on our national debt and the carrying charge on this money which must be raised to pay these subsidies is just one little small fraction of 1 cent less than 4 cents per dollar a year. If you can look into the future 25 years, then the subsidies will increase by 100 percent the cost to the ultimate consumer instead of his paying it out of his pocket today when he can afford to pay it.

The point, Mr. Chairman, is simply this. At a time when we can afford to do it, when we are telling the people of this Nation that this generation should pay its proportionate share of this war, yes, more than its proportionate share for carrying on this war—and upon that premise we have predicated our tax proposals—we deny it, and we pass on to posterity, even to the third and fourth generation, a grocery bill which you can better afford to pay today than could any of your forefathers.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from New York.

Mr. BARRY. Will the gentleman tell me how the great unorganized middle class of America, excluding the farmers, whose income has not increased at all except possibly 2 or 3 percent, can pay their food bill, which has increased since January of 1941, 40 percent? Where have they got the surplus money about which the gentleman is talking?

Mr. WOLCOTT. The gentleman's figures and the figures of the Bureau of Economics of the Department of Agriculture are not the same. I think I will accept the report of the Bureau of Agricultural Economics, which is an official report and the only one which I think comes from an official source, rather than the statement that the food bill of the Nation has gone up 40 percent.

Mr. BARRY. How high has it gone?

Mr. WOLCOTT. It might have gone up 40 percent in relation to income of 5 years ago, but based upon national income today, which is 40 percent, yes, 50

percent higher, because the national income was only \$90,000,000,000 4 years ago and today it is \$145,000,000,000, it has not gone up that much.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

Mr. WOLCOTT. Mr. Chairman, I yield myself 2 additional minutes.

Mr. Chairman, I want to reiterate in answer to the gentleman that the Bureau of Agricultural Economics says that the total cost to the consumer of fixed quantities of foods making up a typical consumer's food basket was smaller in relation to the average consumer income in recent months than in any other time on record.

Mr. BARRY. I am asking the gentleman where the middle class got its purchasing power about which he is talking. They do not have it.

Mr. WOLCOTT. The total purchasing power has gone up.

Mr. BARRY. Not for the middle class, but for the farmers and the laborers.

Mr. WOLCOTT. He has to pay the taxes just the same, does he not?

Mr. BARRY. Certainly he does.

Mr. WOLCOTT. All right; why should the middle class pay your food bill, your grocery bill, or the grocery bill of the man who is getting \$2 an hour when he used to work for 50 cents an hour?

Mr. BARRY. Everybody pays taxes.

Mr. WOLCOTT. In respect to the amendment which I propose to offer, I might say at the outset that the amendment preserves all subsidies, incentive payments, support prices, and everything else which we have provided for in any law. It does prevent the payment of subsidies by the Commodity Credit Corporation or any other agency of the Government for the reduction or roll-back of maximum prices or support prices that have been or may hereafter be ordered. It does prevent their being used as a substitute for or in lieu of an increase in maximum prices or support prices already or hereafter established, and it does prevent the use of subsidies to maintain any maximum prices already or hereafter established. In substance, it prevents the Commodity Credit Corporation from paying your grocery bill.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

Mr. WOLCOTT. Mr. Chairman, I yield myself 2 additional minutes.

Mr. CASE. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from South Dakota.

Mr. CASE. On the point the gentleman just mentioned, would the gentleman's amendment in any way disturb the set-up which has been in operation for some time which encourages the production of strategic minerals essential to the war effort?

Mr. WOLCOTT. None whatsoever. We have been very, very careful to preserve the subsidy provisions in the Price Control Act in respect to the subsidies on critical and strategic materials and even on food for the purpose of main-

taining maximum production for the war effort.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from North Carolina.

Mr. COOLEY. Will the bill in its present form handicap the normal operations of the Commodity Credit Corporation?

Mr. WOLCOTT. Not in the least.

Mr. COOLEY. What I have in mind is that the Commodity Credit Corporation was built upon the basis of buying and selling at a loss. I think it has rendered a very valuable service. Will the normal operations of the past be handicapped in any way by this proposal?

Mr. WOLCOTT. If the operations continue as they have in the past to encourage the maximum production of foodstuffs, it will not interfere with them at all.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. May I ask the gentleman as to the effect of his amendment upon the commitments that have been made for the production and processing of canned vegetables? The gentleman knows that the Department of Agriculture increased the price the processor had to pay the farmer for peas, corn, and a couple of other vegetables.

Mr. WOLCOTT. I provide in the amendment that they may use these moneys to take care of these commitments which have accrued prior to the effective date of the act. The word "accrued" means "come into existence as an enforceable claim," and any claim which has been established and can be enforced on express commitments is an accrued claim and may be paid, but after the effective date of the act I presume prices will have to go up to absorb those differentials.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

Mr. SPENCE. Mr. Chairman, I yield 15 minutes to the gentleman from Texas [Mr. PATMAN].

#### TARIFF FIRST SUBSIDY

Mr. PATMAN. Mr. Chairman, ordinarily I am opposed to subsidies. There are exceptions to almost all rules. Subsidies, however, are as old as the Government itself. I believe that it is a true statement of fact that the first general bill to pass the Congress of the United States more than 150 years ago was a protective tariff bill, which was a subsidy. We have had a subsidy ever since. The most enormous subsidy is the protective tariff. We have subsidized the merchant marine, and we have subsidized the Post Office Department, and practically every retirement fund in our Government is subsidized directly or indirectly by the United States Government. We have all approved subsidies in one form or another. It is very interesting to try to lay down a pattern by rule that will say, "Now, I favor certain types of subsidies,



but there are other types of subsidies that I am against." The distinguished and able gentleman from Michigan [Mr. Wolcott] has endeavored to lay down a rule to the effect that he is in favor of subsidies that are essentially in the war effort, but he is strictly opposed to subsidies that are not essential to the war effort. If you will take the gentleman's amendment and read it carefully, you will discover that he does not confine it to that. The object in bringing this out is to show that we are not always consistent. We cannot expect to be consistent always, because circumstances alter cases, and conditions and facts that enter into these things cause us to change our minds, or deviate from any rule we endeavor to establish.

The gentleman refers to a subsidy in aid of the war effort. I hope the gentleman will listen to this. The petroleum subsidy which saved the people of New England \$140,000,000 last winter—and I am glad that they were saved that much money—is that in aid of the war effort? Certainly not. Of course, the oil that went to the Atlantic seaboard, which went overseas to the war, was in aid of the war effort, and, according to the gentleman's standards the subsidy would be justified, but with the oil that went to thousands and hundreds of thousands of homes in New England, to homes where he says the people are better able to pay than ever before in the history of the country, that was not in the war effort, and he says why not let them pay the bill. That is not exactly in the war effort.

Mr. MARTIN of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. Yes.

Mr. MARTIN of Massachusetts. I want to tell the gentleman where it is in the war interest.

Mr. PATMAN. Oh, no; I said in the war effort.

Mr. MARTIN of Massachusetts. The gentleman realizes that the Government has taken over boats and thus made it necessary to transport a lot of coal and oil under a higher cost of transportation, and the Government is paying the difference.

Mr. PATMAN. The Government is paying it, but it does not come within the gentleman's definition. He says in aid of the war effort, but these people are able to pay this increased price according to his statement.

Mr. MARTIN of Massachusetts. If it were not for the war effort the expense would not be there.

Mr. PATMAN. What about sugar, and what about all those other items, and what about coal? Coal was not sent through pipe lines.

Mr. MARTIN of Massachusetts. But the same thing applies. Coal came by barge, because of the lower cost of transportation, and now it has to be transported by rail. It costs several dollars more a ton.

Mr. PATMAN. Forty million dollars was saved on coal which was transported by the railroads, and under the same conditions as before the war.

Mr. MARTIN of Massachusetts. Except much of it went by water before

and now it goes by rail. I want to bring these things to the attention of the gentleman so he will have his facts correct.

Mr. PATMAN. I am really interested in the gentleman's attempted definition of a subsidy. If that amendment of the gentleman from Michigan is a clarifying amendment, I just cannot understand any amendment. I wish the gentleman would read it, and if he can understand it, I wish he would give me his understanding of it.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. Yes.

Miss SUMNER of Illinois. I wish the gentleman would make it clear that this Congress has never had an opportunity to vote on either the oil or the coal subsidy, that the oil subsidy was brought before our committee in a bill, and there was live opposition to it, in the committee, and the bill was withdrawn, and the subsidy was paid, without any action by Congress, by the R. F. C. I have never had a chance to vote on an oil or a coal subsidy.

Mr. PATMAN. And the gentlewoman has never heard of a single kick about it.

Miss SUMNER of Illinois. Oh, yes; I kicked about it.

Mr. PATMAN. From the Members on the gentlewoman's side.

Miss SUMNER of Illinois. The gentleman ought to remember that I kicked about it and objected to paying the oil bills of people on Park Avenue, though I did not object to paying them over on the East Side.

Mr. PATMAN. I am not surprised at the gentlewoman's statement. She is usually consistent. What about milk and the milk subsidy? Is that in aid of the war effort, subsidizing milk in Boston and New York City? Where does the gentleman find that in aid of the war effort? There is no attempt to stop that.

Mr. MILLER of Nebraska. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. MILLER of Nebraska. Did the Congress pass upon subsidies for milk, or did some bureaucrat pass upon that?

Mr. PATMAN. Well, it is a bureaucrat if it is wrong or against the gentleman's wishes, but it is all right if it meets with his approval. The same authority that put the coal subsidy into effect put the milk subsidy into effect, and under existing law they have the power to do it. That is under a law that this Congress passed.

Mr. RABAUT. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. RABAUT. I mentioned one that the Congress did approve. The lend-lease program is a subsidy.

Mr. PATMAN. Yes; that is a subsidy. But if we try to distinguish between subsidies we will have a very difficult time doing it. I see in this, in some subsidies, help to the farmer. All of us agree that some subsidies are good. Since we agree that some subsidies are good, such as on copper and different metals, cheese, milk, coal, and different things like that, and we approve them, we agree that there are some things where a subsidy

is in the interest of the people. Since we know that and we agree to it, why should we hamstring the executive department and say "You cannot, under any circumstances or conditions, use a subsidy in the case of agriculture"? Why is agriculture to be picked out as the only segment of our population where there will be no deviation from the rule, regardless of the facts and circumstances or conditions? Just think that over.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. BARRY. Are not soil conservation and parity payments subsidies?

Mr. PATMAN. Soil conservation is not, because they work for that. Parity payments are no more a subsidy than putting a floor under labor. It is in the same category exactly.

Mr. MARCANTONIO. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. MARCANTONIO. Is it not a fact that in the days of the depression and prior thereto corn and wheat and other products were subsidized?

Mr. PATMAN. Well, I would not figure 8-cent corn under Mr. Hoover during the depression a subsidy; or 4-cent cotton.

Mr. MARCANTONIO. It was exactly because of that condition the Congress went along with a subsidy.

Mr. PATMAN. Well, I think it is a little farfetched. When people work on a farm for 5 or 10 cents an hour, and even at the prices they are getting now they do not make 25 cents an hour, for the hardest kind of stooping and bending work that anyone can possibly do, under adverse weather conditions, day and night and at all other times.

Mr. MARCANTONIO. I do not want the gentleman to misunderstand me. I have always been in favor of measures guaranteeing the farmer a decent living. I have always voted in this House to help them get it.

#### TAX BILL A REPUBLICAN BILL

Mr. PATMAN. Let me talk to you about something that is more serious about this clarifying amendment, and I hope the gentleman from Massachusetts [Mr. MARTIN] will give his attention to this. Much has been said by our good friends on the Republican side—and I do not say this in a partisan sense—that they could do much better running this war and running our domestic Government if they just had charge of it. There is one bill that passed the Congress a while back that is a Republican bill—strictly, solely and purely a Republican bill. That was the tax bill. The Republicans wrote that bill. They are entitled to the credit, and I am willing to give them credit.

Mr. MARTIN of Massachusetts. Will the gentleman yield?

Mr. PATMAN. Yes, I yield.

Mr. MARTIN of Massachusetts. The gentleman knows that is not a correct statement.

Mr. PATMAN. Why, it could not have passed without your support.

Mr. MARTIN of Massachusetts. The compromise which passed came from a

distinguished Senator, the Senator from Georgia [Mr. GEORGE].

Mr. PATMAN. Of course, in placing the monkey around on different backs, I am sure the gentleman would like to put it on somebody else's back, but the fact remains that the gentleman boasted he got his amendment, substantially his amendment, written into the law.

Mr. MARTIN of Massachusetts. No. The gentleman never boasts.

Mr. PATMAN. I did not mean it in any offensive sense at all.

#### WITHHOLDING TAX ON POOR NECESSARY TO PAY FORGIVENESS TO WAR MILLIONAIRES

Mr. MARTIN of Massachusetts. The gentleman knew that our amendment was rejected by this House on three occasions. There was the one part of the tax bill which the people will object to rather strenuously is the proposal by the Treasury Department, which was supported by the Democrats, and that is the withholding part of the bill.

Mr. PATMAN. You had to have the withholding tax to pay what you were forgiving the war millionaires. We forgave, under that bill, the millionaires seven or eight billion dollars, and you had to put this 20 percent withholding tax on in order to pay that. So on July 1, when that tax bill goes into effect, it can be pointed to as an example of legislative clarity on the part of our Republican friends. I am perfectly willing for them to have it.

#### INFLATION

Now, I want to talk to you about something that is more serious than subsidies, and that is inflation. Inflation is something that we often talk about but do not do much about. In 1930 and 1932 and along in there, a few of us were attempting to pay the veterans of World War No. 1 \$2,000,000,000 in new money. We were told that that would absolutely ruin the country. It would take a carload of greenbacks to buy even a package of cigarettes if we passed any such bill as that. Remember, that was in the depths of the depression when we had less than \$5,000,000,000 in circulation, and there was hunger everywhere. Yet \$2,000,000,000 would ruin the country. Here we have \$17,500,000,000 in circulation today, in the pockets and tills of the people, and we have over \$100,000,000,000 in circulation generally, yet we are seemingly not alarmed or disturbed about inflation. I cannot understand it. But may I invite your attention to the fact that if something is not done, and done soon, we are going to face the most serious inflation that any country on earth ever faced.

The kind of inflation that will probably take a wheelbarrow load of printing-press money to buy just a common, ordinary-sized loaf of bread. It can happen here. It has happened in other countries.

#### HOW TO STOP INFLATION

Now, how are we going to stop inflation? We must give the Executive the power to stop it. Subsidy, he says, is one way to hold down inflation. That is what we are told. We admit subsidies in

some cases are good. So why say that subsidies are not good in the case of agricultural commodities?

Let us leave it to the Executive and he can pick out certain cases where a subsidy is good in the public interest; let him pick the one; give him the right to change subsidies so he can handle it.

But let me tell you where Congress is to blame. All of us right here are to blame for this. The only effective way you can stop inflation is to syphon off purchasing power so that the people will not have the money to be in competition with one another to buy the limited supply of goods that will be available.

Mr. MILLER of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. Let me finish my statement and then I will yield.

That is one of the ways it can be done. That is one method; Canada used it, and that is the reason they can point with pride to the fact that they only have a dozen or two in Canada, and in England only 100 or 200 people enforcing price control, whereas here we have several thousand people.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. PATMAN. May I have 5 additional minutes?

Mr. SPENCE. I yield the gentleman 5 additional minutes.

Mr. PATMAN. But the difference is that in England and in Canada price control is easy because they have taken so much more money away from the people that they do not have the competition for their goods. Now, with reference to the action of Congress in 1942 and 1943 on taxes: Will you listen to this astounding, startling statement, that the people in Canada and the individual income taxpayers in England will pay 300 percent more taxes for these two years than will be paid by the taxpayers in the United States, and yet we talk about doing something to stop inflation. We are not as a Congress doing anything to stop inflation. Not only are we not syphoning off the taxes that would make price control easier, but when the O. P. A. bill comes up here—the only agency that has been established with arbitrary powers to fix prices, when under the law of supply and demand they would get out of hand, and there comes a time when we must use arbitrary power—when the O. P. A. law was here for amendment we crippled it, and we hurt it, rendered it just as useless as we could by cutting a substantial amount of its appropriation.

So, we are not only doing nothing to stop inflation in an effective way, but the only agency that we have established with the duty of holding down prices we take advantage of at every opportunity to cripple and harm when it wants to hold down prices.

Not only that, when the O. W. I. bill came up here the other day—and I do not agree with everything the domestic division of the O. W. I. has done, of course, but generally they are charged with the duty of giving the people of America the facts concerning this war.

This Congress and the people, before it was established, did not have the facts. We had one Cabinet officer saying one thing and another Cabinet officer saying another, but the O. W. I. must coordinate these different statements, must gather the news and must act as a news-giving agency, and give to the people of the United States the truth. The O. W. I. is charged with the duty of warning the people what the dangers of inflation are. They have one of the finest methods ever heard of; it is well planned, over the radio, newspapers, and through different means of communication.

Mr. MILLER of Nebraska. Does the gentleman intend to yield to me?

Mr. PATMAN. In just a moment.

Yet, when the appropriation came up here we passed an amendment to absolutely destroy, put out of business, the domestic provision of the O. W. I. and yet we say we are against inflation. The record of this Congress will show that we have taken advantage of every opportunity to cripple the agencies set up for the purpose of curbing inflation in addition to failing to pass tax laws that would syphon off excess purchasing power.

I now yield to the gentleman from Nebraska.

Mr. MILLER of Nebraska. I thank the gentleman very much.

Does the gentleman feel that the paying of a subsidy will add more money to the already enlarged public purse, and would that aid or retard inflation?

Mr. PATMAN. Well, of course, if you look at it in the narrower way—the answer could be no, but I cannot agree that there is nothing else to it.

I do not know, but there are a lot of things subsidies will work on and some things it will not work on. The point I am making is that when we do not know, and since we cannot change the law quickly, because it takes time to change laws, let us leave it to the Executive, since he can, by a flick of the pen, if you please, make the change and if he makes a mistake it can be changed quickly.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Kansas.

Mr. HOPE. I agree heartily with the point the gentleman has made, that no serious effort has been put forth to curb inflation. Does not the gentleman think that if we roll back prices without rolling back purchasing power and wages we are simply going to widen the inflationary gap instead of contracting it?

Mr. PATMAN. No; the issue is: Hold the line; that is the object and aim. I may say to the gentleman that the total aggregate of all wages and services for last year was about \$100,000,000,000. Now, if we increase prices here and there, if we permit an increase in wages and salaries, which we will have to, of only 10 percent that means \$10,000,000,000 extra. Compare that with \$500,000,000 paid in subsidies; and, as the gentleman from



Oklahoma [Mr. MONRONEY] often points out, the cost of the war appropriated or authorized to date has been \$220,000,000,000. Ten percent of that would be \$22,000,000,000. Compare that with \$2,000,000,000 paid in subsidies to prevent that increase.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. WOLCOTT. Mr. Chairman, I yield 3 minutes to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Mr. Chairman, let there be no doubt about it, there is a battle royal on; there is a war between the administration and the Congress, and it may be a serious war. It is difficult for some of us at times to know exactly the cause of a war. I read recently of a man who said he was perfectly satisfied with the Trojan War because he knew what it was about: It was about a woman. I wish this were as clear as that, but it is not. This is a case where the farmers want adjustment by higher prices and the administration wants prices adjusted by subsidies for the benefit of the consumer. It is a clear case where the administration has violated the Price Control Act as passed by the Congress.

I have read with patience the entire debate in the other body the past 2 days. It really took a good deal of patience to do it. One whole afternoon was taken up by practically two Members of the body. They were very thorough. Interesting, indeed, were their conclusions: One Senator claimed that the act had been violated by the roll-back plan. There was no doubt about it in his mind, but as the President had consulted his Attorney General, and, as the Attorney General had given him a favorable interpretation of the law, he had obtained his objective by proper channels. So the Senator asked: "What can we do about it? We must carry out the commitments already made." The Wolcott amendment contains the word "accrued." Accrued, in the minds of many, includes promises made. These promises may cover an entire year of subsidy payments. What do we know about that feature of the price-control bill, "strategic materials"? Seemingly, meat and butter were suddenly thought to be strategic for carrying on the war effort, so under that surprising decision the R. F. C. was called upon to pay subsidies to lower the price to the consumer some 10 percent.

Where did the R. F. C. get that instruction? Through the Economic Stabilizer appointed by the President. I want to show you how they are kicking us around with our own feet, so to speak. They appoint Jimmy Byrnes, Marvin Jones, and Fred Vinson, great friends of ours whom we so highly respect, to tell their old friends what the administration says we should do. Great shrewdness has been shown in those appointments. Will they be persuasive with us to the degree expected?

What has brought all this trouble about? Let us further examine into this. Unquestionably, it has been brought about by the President's war with John L. Lewis. It is not about a woman, it is

about John L. Lewis. It seems that John L. Lewis could have no argument if the hold-the-line order was successful. That was why the order was issued. Having issued it, he must stand by it. Also, today you and I are impatiently awaiting word as to the signing of the antistrike bill. Evidently the President hesitates, lest Lewis have something more to complain about; and if he can hold the line on prices, no matter about the method, even though against the direct action of Congress, what does it matter as long as John L. Lewis can be deprived of an argument for higher wages?

Mr. CASE. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield.

Mr. CASE. I was wondering if the gentleman had some special knowledge which led him to say that he was awaiting the signing of the bill? For some of us have felt that more likely we were awaiting the veto of the bill. Does the gentleman have any special knowledge?

Mr. GIFFORD. I suppose I expressed the hope, the hope that is in my heart; and, of course, that hope is not that he will veto that bill because I know the roar of anger that will go up over this Nation if he should veto the bill, if you want to put it that way. Is the gentleman hoping he will veto the bill?

Mr. CASE. No; I am not hoping he will veto the bill, but we have waited quite awhile; we have hoped that he would sign it, but hope deferred 10 days sometimes maketh the heart sick.

Mr. GIFFORD. Of course, he seems to have tried to put off acting on the bill until the coal strike was adjusted. Our country is having to suffer much because of the antagonism between those two very determined men. I made the comment that Jimmy Byrnes, Marvin Jones, and our friend Vinson now hold the line for the administration. Why were those people selected? They were selected, of course, because it was thought they could deal with us.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. In just a moment.

We cannot hear of a decision given by our friend the Economic Stabilizer without hearing the sound of his master's feet after him.

I yield to the gentleman from Texas.

Mr. PATMAN. The object of the hold-the-line order, as I understand it, is to hold down both prices and wages. Does the gentleman favor that or disapprove of it?

Mr. GIFFORD. As you have stated just a moment ago, every rule has its exception. The gentleman knows that this hold-the-line order was given that John L. Lewis would not be able to claim that the cost of living had gone up. Official statistics show that wages have increased 40 percent and the cost of living 24 percent during the last 2 years. I am one of those responsible and must now look at the result of our handiwork in reporting the O. P. A. Act. I helped set it up. Sometimes I feel ashamed of my handiwork. Many men of little or no talent have been appointed to carry its provisions out. I have read that if men were assigned according to their talents

during these days the cows would be much better tended. Because of inefficiency and foolish regulations, I have had much trouble to justify this agency of the Government.

A Member of the other body, in spite of the fact he claims roll-back subsidies to be illegal, is offering an amendment on the floor of that body to grant \$500,000,000 for the R. F. C. and \$175,000,000 for the C. C. C. to carry on because of the commitments possibly already made. I hope I am making this point clear that if the butter and meat subsidies keep up for a year they will, of course, need that money. But, have they committed themselves for a year? Undoubtedly not. Neither does his amendment specify those particular items. Next month they might stop these particular subsidies, they then might have nearly the whole \$500,000,000 to use for some other payments they may want to try out where there was at that particular moment a feeling on the part of the public that they were being afflicted with too high a price. It is desired to make the consumer appreciate the bounty of his Government and to love this administration.

Probably there will arise a difficult situation. When this bill goes to conference, no matter what it contains, it is coming back to us from conference and then we must decide whether it will be \$500,000,000 plus \$175,000,000 or whether it will be the Wolcott amendment which will probably be placed in the bill today in place of section 6. Consumer subsidies once embarked upon would soon run into billions of dollars. Beware of the first step on that road.

The farmers need a little higher price for their milk. I want them to have perhaps 1 cent more a quart for their product. I thought when we set up the Office of Price Administration that when they found it necessary to protect our supply of milk they would raise the price a little and hold it on that point. That would have but little effect on the cost of living.

During the last war the cost of living went up 100 percent. Under present conditions of price control and rationing our cost of living will not go up over 10 percent a year. It will have to go up 10 percent a year for 5 years before the cost of living would go up 50 percent, yet they are bringing in the bogey of inflation when these little and necessary adjustments need to be made. But the "hold the line order" must be invoked lest John L. Lewis have cause to complain of higher prices. Lewis is a great general, his troops follow him and he must be defeated.

Mr. WOODRUFF of Michigan. Will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Michigan.

Mr. WOODRUFF of Michigan. The gentleman from Massachusetts has given us the facts with regard to the difference in the increase in the cost of living during the First World War and this war. Will the gentleman now give us the difference in the cost of labor in those days and today? In that way we can get some idea whether or not the laboring man is

in as favorable a position now as he was at that other time.

Mr. GIFFORD. I have not those figures. Has the gentleman those facts?

Mr. WOODRUFF of Michigan. I do not. I will be very happy if he will do so.

Mr. GIFFORD. I cannot imagine that the labor costs increased as fast during the last war as during this one.

Mr. WOODRUFF of Michigan. I understand they have not.

Mr. GIFFORD. When I look at the civil-service records and see \$6 a day and \$9 a day for doing very ordinary work, when I see our restaurants, our laundries denuded of help because of such high prices paid, as my memory serves me, that did not happen to such a degree during the last World War. But the point I wanted to make was the matter of inflation being brought in when slight changes in price schedules are contemplated.

Mr. WRIGHT. Will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Pennsylvania.

Mr. WRIGHT. I believe it was the gentleman's contention a few minutes ago that because the cost of living went up 1 percent a month, and I think it is closer to 1½ percent, it would only go up 12 percent a year. Does not the gentleman agree that if you have an increase in the cost of living followed by an increase in wages the spiral of inflation increases at a far more accelerated rapidity and there might be as much as 50 percent a year if some efforts were not made to control it?

Mr. GIFFORD. No. The present method of holding down prices on the whole has worked. We have generally held to the prices of last March 15. May I again say to the gentleman from Texas I hope that rule will stand many exceptions. I have one lone individual in mind who had to have 10 percent added to his price in September because his costs went up. It was from October until the following April before that one individual, hiring no help, could be allowed that 10 cents to continue his small business. Of course, they finally granted his request, but it took months and months to get an answer. That is what we have been up against, the inefficiency, the inability of obtaining decisions, and so few in authority to really act. That is what has made our people hate the O. P. A. the way they do. How different the attitude of the public if this Price Control Act had been wisely and efficiently administered. Today we must protect the act from the whims of the administration itself.

We have surely held down the cost of living, except perhaps, as to some agricultural products which are now being considered in this bill. We are legislating today only relating to those products. Clothing and other articles may still have to be rationed, and the rationing system has apparently worked pretty well.

In fact our fortune seems to have been that we have held too many prices so low that we now realize that we may have stifled the incentive to produce and lack of production is far worse than paying slightly higher prices.

When we try to roll back prices, we do not help the farmer, but rather the consumer. Rationing must follow any scarcity of products and we are fast learning that it is something to be avoided if possible.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. Yes. The gentleman interrupts my line of thought, but perhaps it is well for him to do so.

Mr. MARCANTONIO. I am sorry.

Mr. GIFFORD. Oh, no; I think the gentleman may help me. He always does.

Mr. MARCANTONIO. When the gentleman considers the 20 percent withholding tax—

Mr. GIFFORD. It is not 20 percent if you have a half a dozen kiddies and have a lot of exemptions.

Mr. MARCANTONIO. The gentleman realizes that the average salary or wage of the consuming public is about \$2,500 a year. With a withholding tax of 20 percent and with prices going up, just what is going to happen to the average American family unless we have a roll-back of prices?

Mr. GIFFORD. The gentleman knows perfectly well they have to pay that tax sometime. If they do not withhold it now they pay it later. What difference does it make? Why give me that argument? Taxes have to be paid later.

Mr. MARCANTONIO. Granting that to be true, it does not change the situation.

Mr. GIFFORD. He has to save the money to pay his taxes next year, whether he pays it now or not. The average family can pay these prices now, rather than be taxed more to make food largesses granted at this time.

Mr. WOODRUFF of Michigan. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Michigan.

Mr. WOODRUFF of Michigan. Has it occurred to the gentleman that it does matter whether this job is done in one way or the other? If we indulge in more subsidies we must certainly have more of a bureaucracy with which to administer the same.

Mr. GIFFORD. Yes; a tremendous number of employees to be added.

Mr. WOODRUFF of Michigan. It adds tremendously to the cost of doing the very thing that every one of us wants done.

Mr. GIFFORD. We should go at this like the man intending to build a house. "He sitteth down and counteth the cost lest he will not be able to finish it." I have not the exact biblical quotation. But that is the text I thought to take. We begin the subsidy business with what has already accrued or has been committed, start with \$500,000,000, plus the \$175,000,000, as may be suggested to us by the other body, and when that is spent what are you then going to do? Our people will get into the habit of taking largesses from the Government. Can we stop then better or easier than we can stop now? Soon it would be \$2,000,000,000. It may be \$4,000,000,000. There

would soon be no end to this expense or to this questionable method.

This hour is the time when we must decide. How much has already accrued? To how much have we been committed? Beyond these amounts we should not go according to the Wolcott amendment. Do not let us surrender, as they seem apparently to do in another body, and grant a whole year of extension of this unwarranted roll-back expense on our Government. Let us count the cost in the beginning. Let us ask ourselves, "Will it encourage the farmer to produce more?" The answer is, "It encourages him to produce less, if anything." At this time we must act to induce him to produce more. If there is to be any subsidy paid, pay it to the farmer, as we really set out to do. We must eat even at higher prices. The O. P. A. was set up to grant reasonable prices and hold the line there. Why did they let some of the agricultural prices get out of hand and go way up above parity? It would seem that they are to blame for that. It may now be too late to try to roll them back. The farmer must receive his necessary price or he will not produce, and why roll back if proper prices prevail?

What has been the effect of the roll-back already? Why, it has been calamitous. The packers have closed their doors, black markets are everywhere. Why continue it? It has proven itself already as being absolutely inefficient.

Mr. CUNNINGHAM. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Iowa.

Mr. CUNNINGHAM. I agree with the gentleman it has been calamitous already. The next question is, What good will it produce? If I understand the purpose back of the roll-back, it is to make lower prices for the consumer. My question is, Are not all of our people consumers and are they not all now taxpayers? Therefore, is it not just a question of robbing Peter to pay Paul?

Mr. GIFFORD. Yes. It has been pointed out that we can pay our grocery bill now, if ever. If there are 10 percent who are unable to pay, let us go back to the stamp system, as was suggested by the gentleman from Massachusetts [Mr. HERTER] and let those people have the benefit by using that system. That would not be an unsafe sort of subsidy. But why subsidize me for my food when I am able to pay for it? As to those people who cannot, sometimes an individual must suffer when largely the whole people are benefitted. We understand that.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Illinois.

Miss SUMNER of Illinois. Referring again to the packers, the gentleman from Illinois [Mr. SABATH] remarked that he did not care so much about the big packers, he was sorry that anything happened to the little packers, and that subsidies would help the little packers. The fact is that it is the little packers that are falling out all over the country and going out of business due to the roll-back because, while the big packers have lost,



they say, something like \$30,000,000 on their inventories, they have glue, they have soap, and they have other by-products from which they can make money. But this roll-back has turned any number of small packers out of business.

Mr. GIFFORD. Let me remind the gentlewoman of something. They talk for the little packer and for the little man. They have acted the last few years for the big man, since the war came on. You realize that. They act like a certain rich widow we have read about: "She cries with one eye and laughs with the other."

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. PATMAN. Mr. Chairman, I yield 5 minutes to the gentleman from Georgia [Mr. BROWN].

Mr. BROWN of Georgia. Mr. Chairman, I made a short talk on this bill on Tuesday, thinking at that time that the bill would be up on Wednesday. I undertook in that address to give the achievements and the history of the Commodity Credit Corporation. I think I proved conclusively that it is desirable and necessary to extend the life of the Corporation for 2 years. Unless we extend it as provided in this bill, the life of the Corporation will expire on June 30 this year.

There is a provision in this bill to increase the borrowing capacity in the amount of \$500,000,000.

Section 6 of the bill is controversial. That deals with subsidies. Regardless of whether section 6 is adopted as written or amended, I hope the Members of the House will vote for the bill so as to extend the life of the Corporation, and perhaps the objectionable features will be ironed out in conference. It certainly would be unfortunate not to extend the life of this agency.

In addition to what I said the other day I wish to state that this agency was organized to stabilize prices of basic agricultural commodities—cotton, corn, wheat, tobacco, and rice. Someone has intimated that this agency has not done so well. I wish to call your attention to the fact that this agency has made a profit of \$50,000,000 on cotton which it had title to and sold in the last 10 years. The C. C. C. now has title to 3,200,000 bales of cotton, it has loans on 3,000,000 bales, and it has a profit now, at the present price of cotton, of \$30 per bale on the 3,200,000 bales, so that if the Corporation were liquidated as of today, the entire profit on the stock now on hand would be approximately \$96,000,000. On corn this agency has lost \$42,000,000 up to the 30th of April, this year.

It has very little corn now, only about 10,000,000 bushels. On wheat it now has title to 300,000,000 bushels. The losses on wheat amount to \$52,000,000. The loss on tobacco is about \$2,000,000. Therefore, you see that the losses on corn, wheat, and tobacco are less than the profit we have on the 3,200,000 bales of cotton to which the C. C. C. now has title, and that is in addition to the \$50,000,000 profit received on cotton it had title to and sold. The losses on wheat

and corn are due to sales out of normal use and converted for feed purposes and for alcohol. I do not know of any other agency that has accomplished for the producer of agricultural commodities anything like what has been performed by this agency.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. STEAGALL. Mr. Chairman, I yield the gentleman 2 minutes more.

Mr. BROWN of Georgia. Section 6 is controversial on account of subsidies. I doubt the wisdom of stopping subsidies that go direct to the farmer in order to produce necessary food to win this war. I doubt the wisdom of any subsidy known as a roll-back subsidy which does not go to the farmer. In order to have all of the production that is necessary to feed civilians and to feed the Army we ought to encourage the farmer. I think roll-back subsidy as a policy is not desirable as it does not help the farmer to produce more and to some extent is inflationary. I am afraid the tendency of roll-back subsidy would be to discourage production.

In the early stages of the operations of the Corporation the price of cotton was very low. I was kidded many times by friends from the North and a few from the West on the committee that we were carrying cotton at a loss of something over \$200,000,000 for a year or two, and the remarks on the floor of the House in criticism of the policy of the Corporation were that we were helping the cotton farmers too much. In those years there was no loss on corn and wheat but as cotton does not deteriorate, and corn, wheat, and other commodities do, the Corporation was able to hold cotton. The price went up and the Corporation sustained no loss, and now many of the Members who opposed my fight for loans on cotton agree that I was right and the loan on cotton has saved practically all criticism of the Commodity Credit Corporation, and the Representatives from the large cities should not object to subsidies being paid the cotton farmers. I still think the cotton farmer should have the profit, or some of the profit, made by the Corporation on the cotton it sold for a profit. At the same time I realize if it had not been for the C. C. C. holding cotton off the market the farmers would have suffered great loss.

The CHAIRMAN. The time of the gentleman from Georgia has again expired.

Mr. WOLCOTT. Mr. Chairman, I yield 7 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, when, due to war conditions, it becomes necessary for the Government to disarrange and reconstruct the transportation facilities of our economy, to divide up the continent of the United States into sales areas and allocate in those areas to individual processors who have historically sold in other districts, we set in operation new economic forces that have to be dealt with directly or indirectly. So with respect to that, I can understand why someone advocates and someone supports the idea of having

the Federal Government assume certain transportation charges. Again, when on account of war, strategic and critical materials are being produced in less quantities than the war effort calls for, and where all of the planned economy is operating with which we are now dealing, I can also understand how the Federal Government may at times come in and indicate to some particular producer who can increase his products, that the Government will pay above the market price, said market price being fixed by the Government agencies, provided that production is increased. Still again, when consumers' goods, both durable and nondurable, are disappearing from the market, due to the dollar flow which is increasing tremendously, the stream widening all of the time, and also to decreased production, and there is a disposition on the part of many and for economic reasons, to want to decrease the buying power, I cannot understand why people who claim to be intelligent will advocate a subsidy and the so-called roll-back theory and have the Federal Treasury actually pay a large percentage of the grocery bill of those who are receiving the benefits of the increased dollar flow, incident to war financing.

It seems to me that this House today will have to deal with that fundamental question. Furthermore, it is my firm belief that the introduction of subsidies into our economy on the plan that is recommended by the Chief Executive and the Administrator of O. P. A. is the most direct attempt to destroy our economy as it has developed over the last 150 years, that has yet been made. As a primary producer of foodstuffs, as one who is interested in manufacturing and processing of steel products as well as foodstuffs, as one who tries to be interested in transportation, I think that when we fully adopt the subsidy program, we serve notice on the economy of this country that it must cease to function as it has heretofore. On one lot of cattle which I have my manager says the market price has dropped \$5,000 since we started the discussion on this roll-back price proposition. That is something the gentleman from Texas [Mr. KLEBERG] was talking about the other day. This subsidy program certainly will not induce me to increase production, but it does create in me a fear that there will be no chance whatsoever for my economy to survive because, through the application of subsidies, you destroy my market. That is what you do exactly. Now, if you want the most beautiful illustration on earth of some of this stuff, you analyze carefully the operations of F. D. A. in the little country of Puerto Rico and see what happened, where all the food is subsidized. You do not have to wait 20 years to see this thing in process. Go look at what has happened in the last 6 months. Do you want your importers, wholesale jobbers, wholesale merchants, and retail people to remain in business in this country? Do you want that kind of a distributing system for your people? Do you want your farmers and tradesmen to have a market in which to trade their goods and their wares and convert their effort in the

form of goods paid back to them in dollars with which they can go and trade with others?

If you want those things to continue, you had better not support this subsidy program. I am not discussing the inflationary aspects of it. I am talking about what it does to the markets of this country. If you have no market for beef cattle, you do not produce beef cattle. If you do not have any free market over which you can trade in stocks and bonds, you do not own stocks and bonds. If you have no cotton market, you do not grow cotton. The destruction of the market destroys the economic lifeblood of the people.

Mr. CELLER. Will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. CELLER. What would you do? Let the law of supply and demand operate as against the law of self-preservation?

Mr. CRAWFORD. No; I would not let the law of supply and demand operate. It is silly to talk about that with the planned economy that is now in operation. If you are going to let it do that, you have to go back to the bottom and erase all of this planned economic interference.

Mr. CELLER. But could you have a roll-back without subsidies?

Mr. CRAWFORD. Why do you want the roll-back? Tell me why you want a roll-back.

Mr. CELLER. Because the workingman with a limited purse—

Mr. CRAWFORD. Which workingman?

Mr. CELLER. The workingman in my district.

Mr. CRAWFORD. What kind of work does he do?

Mr. CELLER. He does all kinds of work.

Mr. CRAWFORD. If he participates in the war effort he is getting war wages and he can afford to pay these prices.

Mr. CELLER. The average wage scale in my district is \$40 a week.

Mr. CRAWFORD. I do not know what the average wage scale is. I am asking what is the man doing you are talking about? If you cannot answer that question, you cannot intelligently discuss the other question.

Mr. CELLER. He works in the navy yard, in defense and nondefense industries.

Mr. CRAWFORD. Then if working in war industry he is getting the pay and nobody knows that better than the gentleman from New York. The idea of the gentleman from New York asking the people of this country to subsidize the grocery bill of a man who works in a navy yard at today's wages! That is too silly to discuss.

Mr. CELLER. I do not think it is fair to say it is silly, because I would not characterize the gentleman's argument that way.

Mr. CRAWFORD. You can characterize it any way you want to, because I know what wages are being paid on Army and Navy construction jobs and in

those industries where armament, munitions, machine guns, and tanks, and planes are being built. The beginning wage rate in my town for war workers is around 89 cents an hour. I have about 26,000 organized workers in my area, and I am not going to stand here and advocate that the people of this country subsidize their grocery bills. Let them pay their own grocery bills out of the wages that the United States Treasury is paying them for the war work they perform.

Mr. JENNINGS. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. JENNINGS. Is not this talk of a roll-back a fraud on the very people that they are professing to undertake to help?

Mr. CRAWFORD. There is no question about that in my mind.

Mr. JENNINGS. You cannot get something for nothing in this world, and ultimately we pay for all we get.

Mr. CRAWFORD. We certainly do.

Mr. JENNINGS. They want to give it to them with their right hand and take it away with the left hand in taxes.

Mr. CRAWFORD. If you will look at the hearings you will find where I stated that the only real reason I can possibly figure out in connection with this particular roll-back program is to fix it so that whoever wants to do it can stand before his constituency in 1944 and say, "Now listen, boys, I had the subsidy put into operation so you would not have to pay so much for your grocery bill. You had better vote for me."

I do not have to campaign on that kind of stuff because I do not have to have a seat in this House, and if I have got to have that kind of palaver to elect me, my people can get somebody else to represent them on this floor, and they know what I mean by that. Let us pay our own grocery bills directly instead of through the Federal Treasury.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. BROWN of Georgia. Mr. Chairman, I yield to the gentleman from Oklahoma [Mr. MONRONEY] 10 minutes.

Mr. MONRONEY. Mr. Chairman, it is a pretty difficult thing to come to the floor and argue the question of subsidy in a few minutes' time, to go into this matter to which I have given a considerable amount of study, to realize that I am going against the expressed wishes of many people in my district, because I come from a farming district. Yet I do not believe that I would be serving to the best of my ability and judgment if I stood here and through an oversimplification of the problem, oppose judicial and carefully spent subsidies.

I think if I could express in a few words my opinion, after study of this matter, I would put it in the words of Chester Davis, the War Food Administrator, when he appeared before our committee. I do not think any of us would accuse Mr. Davis of being a long-haired theorist. In fact, the Agricultural Committee has asked that he be put in charge of all farm programs, price and production, in the war effort.

Mr. Davis on page 23 of the hearings before our committee, said:

#### CHESTER DAVIS' STATEMENT

I said yesterday and I want to repeat now I think it is extremely dangerous to outlaw under a legislative label such as "subsidies" or "incentive payments" or anything of the sort, some devices that may be tremendously important in the case of some particular commodities at some particular time if we are going to get the production which after all is the most important thing we face in this country as I see it, and that is to get the production of agricultural commodities.

Now may I go further, because I also agree with his statement:

On the other hand I believe that a general reliance on a program of broad subsidies as a chief implement to prevent inflation is a dangerous delusion, partly for the reason the Congressman pointed out, and that for inflationary control in this country we have to have a broad and coordinated program that involves a great deal more than direct price-control orders or subsidies.

Now, in looking at the markets that we have, it is not a simple question such as if a man is guilty or not guilty; it is not a question of black or white, but we are dealing with a most tremendous system and as complex a thing as the world has ever seen, our far-flung price structures, the most extensive and diversified price structure that perhaps includes the greatest number of items of any nation in the world.

#### FINE BALANCE NECESSARY

I like to compare it with a finely tuned, elaborate harp: It is influenced by the weather, it is influenced by vibrations in the distance, and you men who understand the markets of this Nation know that a rumor of trouble in Texas, that a new kind of bug in Kansas, or bacteria infecting a herd of cattle in Montana will upset and have repercussions throughout the 48 States on our markets. And yet we propose by oversimplifying this question of subsidy to play on this finely attuned harp with a crowbar.

This is a most difficult problem; we have to decide, to draw the line where to use subsidies for the maximum benefits for the things that we are trying to accomplish. One is to get the production that this country needs for its war effort, and the other to hold prices down so that the Nation's cost of this food will not cause new adjustments and thereby force new higher wage costs to the Nation.

As I say, if we could simplify it down I believe everyone in this body would say that they are for good subsidies and they are against bad subsidies. I know that many are fearful of a misuse of subsidies. But Congress will be on the job, its committees investigating and watching the use of these moneys to see that they are placed where they will be beneficial to the war effort. I do not think we should adopt a lazy-man attitude and say, that simply because the problem is a difficult one, that it is not worth the effort to try to solve it.

We are talking here a lot about roll-back subsidies. Unfortunately, that is not a part of the Commodity Credit Corporation bill.



## CORPORATION RECORD GOOD

The roll-back subsidy is the thing that they are trying to do through the Reconstruction Finance Corporation, which is being discussed over in the Senate. I asked the chairman of our committee if he could name any time or any instance where the Commodity Credit Corporation had violated good judgment or good, sound business sense in its subsidy operations, and he could not point out a single instance where that had occurred.

There are several amendments proposed to draw rigid lines against any kind of subsidies with the exception of wheat for feed and for the oil and fats program. Both of those were two of the largest subsidy operations of the Commodity Credit Corporation, and Congress agreed it was a good subsidy operation. I am inclined to believe that as we go through the most difficult food years this country will ever face, that we will have other problems that must be met by judicious application of sound business practice and, perhaps, even the use of subsidies to get production, and we have got to exercise judgment on what effect this device will have on the whole problem of inflationary control and, ultimately, the cost to the consumer.

The problem that faces us is not as simple as some of the proponents of the Wolcott amendment would have us believe. To them it seems to be simply the question of whether the Government will pay subsidies to the producers to lower the cost-of-living index.

I am familiar with the Price Control Act, and I think I know what the provisions in it mean. I am convinced that there is no assurance from any source that prices will not be rolled back to lower the cost of living.

I know that the administrators of Government inflation program downtown have given their words that they are going to roll back prices to 1942, September, levels. They can do it under the Price Control Act that the Members of Congress passed. Then who is to blame? Congress fixed those floors in the Price Control Act, yet the price has gone up above those floors. The O. P. A. let many go up because we needed to get increased production. Now, if these prices are to be rolled back, they can be rolled back under the law without subsidies to the farmers, and the farmer take that jolt. You can save him by not forbidding completely all forms of these subsidy payments that will act as a shock absorber against the roll-back.

I am just stating this because it is a fact; it will be true under section 6 of the bill as it is now written, and it will be true under the Wolcott amendment that will be introduced. I think it is a thing that the Members from the farm districts who have farmers looking to them to see a little bit farther than their noses, for they are going to ask you many questions if this roll-back occurs. Let us look at one other factor that is rather important in this subsidy program.

In the R. F. C. bill, which is not before us, it is proposed to subsidize meats, cheese, butter, and milk, I believe. It

happens that more than half of all these commodities are being taken by the armed forces. Let us not overlook the fact that since the Army is taking half that the cost either way goes to the Government on that half of the country's production. It comes out of Uncle Sam's pocket whether you subsidize at the bottom, or whether you let the price go up at the top. So on half of our production, the ultimate cost to the Army is identically the same. In some cases, it is possible that if these subsidies such as are applied by the Commodity Credit Corporation are applied at the base line, at the production line as they apply it, then, perhaps, it saves the Army, the Navy, or lease-lend a little bit because the normal mark-ups of the processors are not reflected upon a higher initial cost.

Mr. MURRAY of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. I cannot yield; my time is too limited.

Mr. MURRAY of Wisconsin. But the gentleman would like to have his facts accurate, would he not?

Mr. MONRONEY. I will let another committee member answer that ultimately; I am trying to talk against time.

Mr. MURRAY of Wisconsin. I surely would like to have him.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. STEAGALL. Mr. Chairman, I yield 1 additional minute to the gentleman from Oklahoma.

Mr. MONRONEY. In starting on this proposition ask yourself one question, and if you can be satisfied that an increase in the cost of these basic living items can be made without disturbing the Little Steel formula and without continuing the cycle of rising wages, then you should definitely and positively be against any kind of subsidy program no matter how judiciously it is applied. But if you are fearful, as I am fearful, that if we let prices rise we must break the Little Steel formula, then I think you had better begin to consider how this can be done through application of properly used subsidies carefully restricted and used at the proper place where the war effort will be helped.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. KEAN. Mr. Chairman, I yield myself 10 minutes.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. KEAN. I yield.

Miss SUMNER of Illinois. The gentleman is a member of the committee and heard the statement of the gentleman from Oklahoma who just preceded him. In all the time that we had hearings on the price-control bill, either in 1942 or the year before, did the gentleman ever once hear any witness from the O. P. A. say they intended either to let prices get out of line or to roll them back if they did let them get out of line?

Mr. KEAN. Certainly not.

Mr. MONRONEY. Mr. Chairman, will the gentleman yield?

Mr. KEAN. I yield.

Mr. MONRONEY. Is it not a fact, though, that under the law as the Congress passed it they can roll prices back and that we have absolutely no recourse?

Mr. KEAN. It is possible.

Miss SUMNER of Illinois. In other words, they just found a loophole in the law and used it in a way that was not contemplated by Congress.

Mr. KEAN. Mr. Chairman, I expect to pay my respects to the roll-back program under the 5-minute rule but while we consider this legislation for continuation of the Commodity Credit Corporation, it is well that we pause to take stock of the activities of the many Government corporations. There are approximately 50 of them.

The Constitution provides that control of expenditures rests in Congress, but these corporations leave a gap in our control which is wide open.

Many have been set up under section 5-d of the R. F. C. Act, which provides that corporations may be created having the power, under subsection (a) "to produce, acquire, carry, sell, or otherwise deal in strategic and critical materials as defined by the President"—and he has declared about everything strategic and critical—and having the power, under subsection (g) "to take such other action as the President and the Federal Loan Administrator may deem necessary to expedite the national defense program."

In other words to do anything, limited only by the provision that it must be concerned with the national defense—and what action today is not concerned with the national defense?

These corporations are organized under various State charters and the powers granted them are very broad.

Some of the provisions of the certificate of incorporation of this Commodity Credit Corporation read as follows:

Under subsection (b) it has the authority—

to purchase or otherwise acquire, to hold, or otherwise to deal in, to sell or otherwise dispose of any and all agricultural and/or other commodities, and/or products thereof.

It may, under subsection (d)—

engage in any activity in connection with or involving the production, carrying, shipping, storing, exporting, warehousing, handling, preparing, manufacturing, processing, and marketing of agricultural and/or other commodities and/or products thereof.

It may, under subsection (i)—

enter into, make, perform, and carry out contracts of every kind and description for any lawful purpose without limit as to amount, with any person, firm, association, corporation, municipality, country, State, body politic, territory or government or colony or dependency thereof.

As shown on page 187 of the hearings, I asked Mr. Shields, general counsel of the Corporation:

Is not your charter so broad that you can do practically anything?

Mr. Shields' reply was:

In 1935 when Mr. Jesse Jones appeared before this committee to have the life of the Corporation extended, he said that under the charter this Corporation had the authority to commit murder.

Our committee found that, utilizing these broad powers, the Corporation has entered into activities which not only are contrary to the intent of Congress, but that it was also doing things which none of us had any idea it was doing.

Of course we had some knowledge of their subsidy program; but we found, in addition, they were incurring losses through purchases for the Lend-Lease Administration; and we found also that they were making purchases and taking losses—I quote Mr. Hutson:

To support the economies of our neighbors to the South—to assist in the stabilization of the economy of Brazil—to purchase cotton under the good-neighbor policy and support the economy of friendly countries.

Now all of these undertakings may be advisable, but if they are to be done, they should be carried out under the direction of Congress by agencies created for these purposes, and the taxpayers' money should not be spent for such things by this agency, which was created merely to help American farmers, solely under Executive directive.

These charters are so broad that officials of the corporation feel they can do almost anything even though it is contrary to the will of Congress, unless Congress specifically provides, in this or some other bill, that they shall not do so. How can we foresee everything that they might do, during the next 2 years, in accordance with the broad provisions of their charter? Into what new fields will we find they may have entered when next they come before us?

Just the other day we read in the press that the Defense Plants Corporation—a corporation formed under section 5-d of the Reconstruction Finance Corporation Act for the purpose of aiding industry in building plants essential to the war effort—is going to be used to roll back meat prices.

I suppose the reason that this Corporation is being used is that it is in funds; though you may remember it was only last December that Mr. Jones came before the Congress and stated that he was entirely out of funds and would have to have \$5,000,000,000 immediately to carry out the legitimate functions of the R. F. C.

He did not get the money owing to the adjournment of Congress; and strangely enough since then he has made no further request for the funds which he stated at that time he so urgently needed.

Where he is getting the money now is a mystery. Feeling that, as a member of the committee which is responsible for the authority granted to the R. F. C., I should know what was going on, over 2 weeks ago, on June 10, I addressed a letter to Mr. Jones asking if he could inform me where he was getting the money which he seems to have in abundance now, in spite of his protestations of last autumn. As yet I have not had the courtesy of a reply.

It seems to be easier for him to get the money than to explain where he is getting it; or does it embarrass him to tell Congress where it is coming from?

Through these corporations which it has fathered, the R. F. C. has become a great octopus through which the will of the people, all unknown to them, may be thwarted.

Under authority granted by the War Powers Act, the President has given directives to the Board of Economic Warfare and other agencies to direct expenditures of money of these corporations, even over the protests of those who are in charge of their operations.

As you may read on page 192 of these hearings, the general counsel agreed with me that, under present law, the Board of Economic Warfare could order the Commodity Credit Corporation to use all of its funds for the B. E. W.'s purposes at their direction.

One of the reasons that section 3 was incorporated in this bill was to prevent such action.

Mr. Chairman, I feel that these corporations are dangerous. If we are to have a government in keeping with the spirit of the Constitution, if Congress is to control spending, these corporations must be curbed and long-term planning should provide for their liquidation; or if they are to remain in existence their present charters should be surrendered and Congress should specifically provide what they can and cannot do.

This problem is one to which we should give the most serious consideration.

Mr. STEAGALL. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. WRIGHT.]

Mr. WRIGHT. Mr. Chairman, in the early part of the debate on this bill I asked the gentleman from Michigan [Mr. Wolcott] whether or not the issue before the House today is not, "Who is going to bear the extra living cost due to the increasing cost of food commodities?" It is whether or not this cost should be passed on to the ultimate consumer or whether the Government should not bear a certain portion of the cost. The gentleman stated that that in essence was the issue.

This, of course, brings up the question of subsidy and roll-back. Those words are possibly bandied about and not too well understood. We have had an average increase in the cost of living of about 1½ percent a month during the last few months. The gentleman from Massachusetts [Mr. Gifford] suggested that if this figure were multiplied by 12 it would give some fair indication as to how much living costs would increase in the next year. I do not believe that any person who has studied the inflation in other countries will agree with this. If there is an increase in living costs and if there is a consequent demand for higher wages, and then a demand for higher prices, and for higher wages again, the rate at which the inflationary spiral will ascend will accelerate astronomically. In other words, instead of a 12 percent increase in living costs during a year's time you may have a 50 or 100 percent increase, then after it gets beyond control the rate of increase is so

rapid it would be impossible for any of us to measure it.

Several of the members of the committee besides myself do not think that we should completely tie the hands of the Executive or of any of the administrative departments in sweeping and all-inclusive language against the use of subsidies. We do not think on the other hand that the use of subsidies is a good over-all method for the control of inflation. We were all unanimous on that. We think, however, that the next 6 months or year will give us the answer as to whether we are going to have inflation or we are going to check inflation.

I will give you a few reasons why I say that. Organized labor has, with one glaring exception, been willing to abide by the Little Steel formula. The Little Steel formula was based on an estimate that there had been an approximate increase in living cost of somewhere around 15 percent from the time of Pearl Harbor until September 1942. So the War Labor Board ordered that any group of employees, any union group that had obtained a 15 percent increase in wages during that period of time was barred from obtaining any further increase in wages, and any group of wage earners who had not obtained a 15 percent increase could obtain an additional increase up to the 15 percent. Since September 1942 the cost of living has gone up about 1½ percent per month. If this formula provided a fair solution, if the leaders of organized labor and the working people of this country, who were patriotic, were willing to abide by this formula which after all is a check on inflation, and if by means of it they have succeeded in stabilizing reasonably the increase in wages, then obviously they are entitled to an increase in wages since September 1942, which is commensurate with the increase in living cost during that period of time. The reasoning is stronger, of course, in the case of people who do not belong to a union, people working for salaries, the so-called white-collared class, who have had no increase in their compensation at all or none commensurate with the increase in the cost of living.

How are you going to arrive at an equitable ratio between income and cost of living? You can do it in one of two ways. Some Members say, "Let the consumer pay the added cost of the production of agricultural products." If you will let the cost rise and rise, and remember if you pursue this course that the peak in living costs will never be reached. It is a steadily rising increase at the present time about 1½ percent a month. Or by skillful use of subsidies you can cushion these demands at the present time. You can say, "We do not want wage earners to ask for more wages now because if they ask for more wages everybody else will want more wages, the farmer will want more income, and so on ad infinitum. Let us stabilize wages and costs for a period of about 6 months or a year and we will have the inflation problem beaten. But if the increased cost of living must be borne by the wage earner,



demands for higher wages which will be irresistible will break down the Little Steel formula.

I attended a meeting this morning at which I listened to an address by Philip Murray, president of the C. I. O., who is trying his best to cooperate with the war program of the President and trying his best to cooperate with the anti-inflation program. He stated at this meeting that unless prices are rolled back so that the price of food to the workers is fairly commensurate with their wages, which have been frozen since September 15, 1942, they will be forced to demand a higher rate of wages.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. I yield to the gentleman from Kansas.

Mr. HOPE. The gentleman does not contend, does he, that the income of organized workers has not increased since last September? There have been substantial increases in the income of the organized workers or of all workers since last September.

Mr. WRIGHT. Not generally, I would say, unless you have a case where they have not had the 15-percent increase or unless you have a case where a man has been placed in a higher position.

Mr. HOPE. Of course, the 48-hour week has gone into effect in a good many industries and there has been an increase in average hourly wages because of the overtime in some cases. In other cases there have been wage increases.

Mr. WRIGHT. In some cases there have, but in answer to the gentleman, may I state this? It is idle to state in this House that the average annual income of the worker has increased by so many percent, 100 percent or so, unless you pick out your various salary and wage groups and find out how it affects each income bracket. I mentioned the white-collar class a moment ago. This group is not getting any increase to speak of at all, and there are many people in the unskilled groups in organized labor who are not getting any appreciable increases in wages. Admittedly there are some high wages paid.

Mr. HOPE. But from the standpoint of inflation, if there has been an increase in the national income through wages and salaries since September 1942, and we now roll back prices to that date without rolling back this increase in income, we are increasing the inflationary gap, are we not?

Mr. WRIGHT. There is a certain amount of reason to the gentleman's position, but on the other hand if they had not adopted time and a half for overtime with the 48-hour week you would have a reduction in the income of very many workers, so it was felt best to give a few of them an increase so that you would not reduce the income of the rest of them.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. I yield to the gentleman from New York.

Mr. CELLER. I am informed by the Labor Department that the average wage scale for all workers in all manufacturing industries, war and nonwar,

is \$41 a week. As against that, prices of food, clothing, and medicine have advanced since August 1939, 54.4 percent.

Mr. WRIGHT. I think those figures are approximately correct.

Mr. CELLER. Therefore, they are being squeezed between what they receive and what they have to pay for.

Mr. LYNCH. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. I yield to the gentleman from New York.

Mr. LYNCH. As I read section 6, I understand that no funds of the Commodity Credit Corporation can be used for subsidies or roll-backs. Is that correct?

Mr. WRIGHT. Not only can no funds of the Commodity Credit Corporation be used but no funds of any Government agency. This provision would forbid the roll-back program, which has now been advertised to the country and on which the people are depending, out of funds of the Reconstruction Finance Corporation.

Mr. WEISS. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. I yield to the gentleman from Pennsylvania.

Mr. WEISS. I fully subscribe to the gentleman's statement. May I say that the arguments advanced in the House this afternoon were the same as advanced in the British Parliament against subsidies. Today British public opinion universally acclaims the present British Price Control Act with the wise administration of subsidies.

Mr. WRIGHT. I believe the British have handled the situation very well. I do not know whether or not the same employment of over-all subsidies for all commodities would be effective here. I do not believe it would, but I think the weapon should be afforded to the Government agencies in extreme situations.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. WOLCOTT. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. SMITH].

Mr. SMITH of Ohio. Mr. Chairman, I intend to offer two amendments to this Commodity Credit Corporation bill, one to strike out the \$500,000,000 and the other to provide for the auditing of this agency.

Mr. CASE. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Ohio. I yield to the gentleman from South Dakota.

Mr. CASE. Before the gentleman starts his argument, may I make this comment on the discussion which was going on just before the gentleman took the floor. It seems to me that the fundamental fallacy in a great deal of the discussion about the relative advance of wages and the cost of living since a date in 1939 is that it overlooks the fact that the base period at which they start was at a time when there was not a proper relationship between commodity prices and wages, that wages had advanced then far beyond prices of farm commodities. A second fallacy is that we did place a ceiling upon farm prices before a ceiling was placed upon wages; conse-

quently, during a period when wages were free to advance commodity prices were not free to advance.

Mr. SMITH of Ohio. In commenting on the gentleman's statement I simply say that I think the New Deal has definitely decided to liquidate the farmer. I am against that and think it would be better to liquidate the New Deal.

No justification at all was shown for the request of \$500,000,000 additional borrowing power before our committee. When the discussion finally ended on this \$500,000,000, it took the form of, "We had better put it in, anyhow." So there is no reason at all why we should vote for this \$500,000,000, and there is no reason why we should ask that the operations of this agency should not be placed under audit the same as other agencies of the Government. Of course, there are a lot of New Deal agencies that are not subject to audit. A good many of the 30-odd lending agencies are not subject to audit.

I am wondering why it would not be a good plan to put in a little amendment in the bill which would provide for abolishing the cost of living altogether. If you can abolish a part of the cost of living by subsidies, why can you not abolish all of it? Why can you not do that?

It is said here on the floor that our posterity will have to pay for this cost. There is another cost involved in the subsidy program for which this generation will pay. We are going to pay for it in regimentation, in being bossed around by the bureaucrats. We are going to pay for it with Gestapo tactics.

We are not going to escape the cost of a program of this kind. A few moments ago, one of the Members who spoke on the floor said the matter of regulating prices is a complicated process. To be sure, it is complicated, and nothing proves it any more than the state of affairs which prevails in this House at the present time. When the New Deal started out to control and regulate prices, as it did as soon as it came into power, it entered into a domain that meant trouble for this country.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Ohio. Not now. Leaving out of consideration whether there is or is not involved in new dealism a deliberately concealed plan to destroy the American form of government and substitute for it a collectivist state, it is unquestionably true that the main thing that characterizes new dealism is subsidization with taxpayers' money of certain groups at the expense of other groups.

Indeed, the very heart and soul of new dealism is the exaction of funds from one group of citizens and handing them over to another group of citizens. One trouble with this scheme is that the receiving groups never get as much as was extracted from the giving groups. The difference goes to the administrators of the scheme, and, except for this one little element in the New Deal, there probably would not be any New Deal.

Mr. Chairman, examine the thirty-odd New Deal lending agencies—the Thomas inflation amendment, the joint resolu-

tion of June 5, 1933, the Gold Reserve Act of 1934, the Silver Purchase acts, the Agricultural Adjustment Act, the Commodity Credit Corporation acts, and so forth, and see if it will not be found that the principal effect of the operations of each of these acts is the transference of property from one arbitrarily designated class to another arbitrarily designated class. Was not this the stated purpose of some of the main New Deal programs? Did not Senator Thomas boldly state that the gold devaluation clause would have the effect of redistributing \$200,000,000 worth of the Nation's property?

Look at the New Deal laws pertaining to agriculture. Excepting that part of this program which has to do with restricting crop production and the regimenting of farmers, there is little else that these acts accomplish but what ultimately amounts to the paying of subsidies.

All agriculture support prices, parity payments, as well as soil conservation payments, resolve themselves ultimately into Federal subsidies. This is no fault of the farmers. The fact is the farmers never asked for any benefit payments and never wanted any. They always wanted their prices made in the market, not at Washington. The only reason they took any payments was because the New Deal failed to provide the conditions which would have permitted them to receive a fair and honest price in the market, and because they had to pay a part of the payments themselves in taxes. In the end, it amounts to the farmers having been forced by the politicians and bureaucrats to take the payments.

The real rationale of New Deal philosophism is the promise to give everybody something for nothing. As long as the New Deal could resort to deficit financing, charging its failures and the effect of its nostrums to future generations, things went along pretty well. But it does seem that the New Deal has now just about reached the end stage of its utopian promises. If I understand the avowed purpose of the so-called roll-back program it is to somehow make it possible for the consumers of the Nation to get a part of their living for nothing. Indeed, it appears to me there is something about this price roll-back plan which holds out a sort of hazy, potential promise of abolishing the cost of living altogether. If you can eliminate a part of this cost of living with subsidies, why not eliminate all of it with subsidies?

The New Deal never had but one cure for every political affliction it thought existed and for a lot that didn't exist—namely, deficit financing.

*Similia similibus curantur*—like cures like—so said the old physician Hahnemann. So taking its cue from this misquoted old doctor, the New Deal seeks to cure inflation with inflation.

Every dollar raised for the payment of these subsidies will be Government printed money which is the real inflation that is causing undue rise in prices in this country.

In seeking to cure inflation with subsidies, the funds for which must be raised by printing press money, we see the ultimate ratio of new dealism.

The CHAIRMAN. The time of the gentleman has expired.

Mr. STEAGALL. Mr. Chairman, I yield 8 minutes to the gentleman from North Carolina [Mr. MORRISON].

Mr. MORRISON of North Carolina. Mr. Chairman, I think it might help us to give some thought to what we can do best for our country through legislative enactment, and what can best be done through the executive or administrative branch of the Government for the people. It seems to me as a new man around here for a few weeks, that I have discovered too much pressure from the executive branch of the Government, trying to tell the legislative branch what to do, and I think we have been a little bit too busy trying to see to it that the executive branch of the Government does things as we think they ought to be done. I think each is independent, but when discharging its duties our division of powers should be respected.

Now we talk about subsidies, and our definitions of them and whether we are opposed to them or not. Why, as a regular diet, we are opposed to all these things we are having to do, in order to prosecute this war successfully. I am opposed to price fixing, but we know very well that if we do not do it, we would be in chaos and demoralization directly. There are many things we have to do in order to move wisely and orderly to the victory ahead of us in this war.

Now, what is a subsidy? We usually think of it as a gift to a particular group at the expense of all the people, for their private enrichment. There is not any suggestion of such a subsidy here. We are going to give this subsidy to those who distribute to the people a staple food. It will go to everybody alike, and when we pay it we will pay it by a just and uniform tax, designed to touch every class alike.

I think we have been doing very well. While I hate to disturb the happiness that some people seem to enjoy in drawing pictures of woe and destruction and all that, it reminds me of the old fellow I heard of who met an old friend and he asked him how his wife was. "Well," he said, "she has been enjoying bad health for several months, but right recently she has been complaining of being a good deal better than she was."

Now we are harvesting the crop. We have come up to now in triumph over all our difficulties to a degree that is amazing and difficult to understand. Now we are gathering the oats. We are gathering the barley. We are gathering the wheat. Corn is just ahead of us, but the other cereal grains that we are gathering will do much to weaken the pressure of our corn. We are doing very well. Now we have under consideration whether we will tie the executive or administrative branch of the Government in a statute, foreseeing in our greater wisdom all the twists and turns that may take place in the future. I submit that the heads of these great departments in

patriotism, in wisdom, and in experience are our peers, and that in the very nature of this business they can do a much more successful job if we give them the resources and let them understand that we want to keep prices down; not only to prevent inflation, but to prevent the poor people of this country from starving to death on account of high prices which they cannot pay.

The great abundance of money in the country does not reach everybody. It is in the hands of a few groups. Millions of our people are making no more than they were making before this war started, and they are bearing all of its difficulties. We are forgetting them in our zeal to smite some group somewhere that is making a little more money than they ought to have. Oh, you cannot argue against success, as old Bob Burdette said. As such things go, we have succeeded up to now. We have helped feed our allies. We have kept our people and our country healthy and well fed. Today we have more foodstuffs than ever before in the history of this land; and under a leadership that has made mistakes—and God knows I get as mad with them as my friend DIRKSEN ever dared to get—but on the whole they are winning in this fight, and I urge all those who hear me not to become partisan or factional. This benefit, if it is a benefit, will go to all the people of the land. It goes to no special group. It will be paid back by all the people in the land.

Mr. CASE. Will the gentleman yield? Mr. MORRISON of North Carolina. I would like to, but I have been trying to make a speech on this subject ever since I have been here and I have been able to get but a few minutes to do it and my time has almost expired now.

Yes; you say we have got to stop inflation. Inflation is a Hydra-headed monster. We have to fight it in many ways. But up to this time, while not completely successful, I dare say in all the history of the world, greater success in our fight against inflation was never made anywhere. The battle goes well. If we can keep keep partisanship out of this business—one of my friends when I was speaking the other day threw a political rock at me and I threw two back at him, and I have been ashamed of it ever since. This is no time for party. This is no time for class feeling. This is no time for sectional feeling. We must win this war. The armies that are carrying our flag to victory are not made up of party people. They do not know anything about that. They are not made up of city people. They are not made up of country people. They are made up of every class. Let us legislate and let the executive officers execute our will, expressed in broad statute, with resources behind those statutes to put them into effect.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WOLCOTT. Mr. Chairman, I yield such time as he may desire to the gentleman from Illinois [Mr. HOWELL].

Mr. HOWELL. Mr. Chairman, judging from expressions of sentiment received by Members of Congress from all



sections of the Nation, the American people generally are opposed to further extension of subsidies by the Federal Government as a means to roll back prices.

As a Member of Congress, representing the Twenty-first Illinois District, which is one of the best farm areas in the United States, I am firm in my opinion that there is no substitute for a fair price to the farmer in the market place, and, consequently, I am opposed to subsidies in any form.

Subsidies will cause heavier expenditure of public funds, and, therefore, in the final analysis will not only increase the tax burden of the farmers, themselves, but will contribute to the inflation spiral, thereby defeating their own purpose. At the same time, subsidies will offer another excuse for the extension of more bureaucratic controls over the economic life of our country.

In this connection, it is interesting to note that the Midwest farm bureaus of the American Farm Bureau Federation, at a conference in Chicago on June 23, adopted a resolution which charged the subsidy and roll-back on foods proposed by the administration as a "subterfuge for increasing wages and other consumer incomes already at inflationary levels."

Continuing, the resolution said:

It—

The subsidy program—

will be expensive to administer, benefits will be small in proportion to total cost, it will continue the already existing ruinous confusion, it contributes to rather than controls inflation, it will decrease rather than increase both agricultural and industrial production, it will impose further regimentation of production and distribution, and will aggravate our post-war price and income problem.

For these and other equally important reasons, this conference of Midwest farm bureaus, representing 12 States and 300,000 members, respectfully petitions our Federal administrative authorities to cease their effort to inflict this program upon us. We call upon our Congress to enact legislation which will prevent any general continuance or revival of this ill-advised experiment.

In the past few days, I have been the recipient of numerous telegrams, letters, and long-distance telephone calls from businessmen, farmers, and taxpayers urging me to oppose the subsidy program. I would like to quote several of them.

Mr. Joseph E. Boyd, of Taylorville, Ill., as chairman of the Christian County War Board, telegraphed me as follows:

Farmers in this territory oppose roll-back in food prices to supply cheap food when workers are receiving wages sufficient to pay fair prices. Strongly urge you to oppose any legislation to roll back prices on farm products. Drop in cattle and hog prices at all markets is very discouraging to producers of livestock at a time encouragement is needed most.

The First Trust and Savings Bank, of Taylorville, Ill., telegraphed me as follows:

It is our information that you are opposing the administration program to roll back food prices by the subsidy method. We are experiencing the competition of Government

subsidized credit agencies originally designed for an emergency now expanding and soliciting good credit risks at a time when all banking institutions have an excess of idle funds. It is our observation that once a subsidy bureau is established it is seldom abolished. We commend you on your opposition to this subsidy.

Mr. D. L. Clarke, Springfield, Ill., president of the Sangamon County Farm Bureau, wires as follows:

Urge your active opposition to roll back of food and agricultural products sponsored by administration and labor leaders. We believe burden will fall on farmers and taxpayers and, probably more important, that it will seriously interfere with food production program. Also believe there is no stopping place on the subsidy program once started.

Mr. Claude W. Mitchell, Springfield, Ill., secretary of the American Berkshire Association and editor of the Berkshire News, wired as follows:

The sentiments we have received from our members and readers in Illinois indicate they are unalterably opposed to subsidies. We believe their reactions accurately reflect the sentiments of all those connected with agriculture in this State. Therefore, we appeal to you to stand by your guns and vote for the Wolcott amendment. Please convey these sentiments to your colleagues. This is a fundamental fight.

In addition, I have received many more telegrams, which in essence state as follows:

Urge you oppose food price roll back and subsidy program.

Meat subsidies will curtail the production of livestock to a great extent.

Urge your strong opposition to roll back of food prices.

Be sure and oppose food price roll-back program.

We believe roll-back and subsidy program will injure livestock production and the whole Nation. We are depending on you to protect the livestock producers' interest at this critical time.

The roll-back price bill and subsidies on farm products would mean higher taxes on everyone. Urge you oppose.

Urge your opposition to roll back of food and agricultural prices being pushed by administration.

Urge you oppose farm price roll-back program and subsidy program which we believe will seriously affect food-production program.

The roll-back bill and subsidies on farm products would add untold millions to the taxpayer's burden. If our laboring class can't pay their way now, God pity us if we should ever have a depression and subsidy to pay on top of it. I urge you to oppose these measures.

Government programs relative food price roll back and corn opposed by all agricultural people here. Urge your active opposition to administration-sponsored programs.

This resolution and these telegrams sum up accurately and effectively the attitude of the great Farm Belt of the Middle West with reference to the subsidy program. I would, however, like to add one additional thought, and that is that the cost of administering a subsidy program as suggested would run at least \$50,000,000 a year. This would mean, of course, additional auditing and book-keeping, to say nothing of the inevitable increase in pay-rollers in bureaus in Washington and in the field offices.

The American people have learned enough lessons from their dealings with

the Office of Price Administration and other Federal bureaus to want to avoid any further involvement in red tape. I appreciate the position they have taken and I recognize their desire to protect and maintain the American system of free enterprise, in which I heartily concur.

Among those individuals in the Twenty-first Illinois Congressional District and vicinity who have expressed opposition to the subsidy and roll-back program have been:

Mr. Alvin Marten, Alexander, Ill.; Mr. S. J. Snell, Auburn, Ill.; Mr. F. E. Morris and Mr. Robert Garvey, both of Buffalo, Ill.; Mr. J. H. Schumacher, Beardstown, Ill.; Mr. H. Melville Schultz, Mr. Gilbert H. Kasten, Mr. Steve Marko, Mr. Harvey Bloome, Mr. John Kaburick, Mr. G. O. Morehead, Mr. Cecil Denby, Mr. Henry Lehmann, Mr. A. G. Schoeneman, Mr. J. S. Hounsley, Mr. W. C. Wohler, Mr. William Thomas, Mr. Otto Harms, Mr. Arthur Stadler, and Mr. Joe Kaburick, all of Carlinville, Ill.; Mr. John P. Stout, Mr. J. C. Quisenberry, Mr. John Woodside, and Mr. George Theilen, all of Chatham, Ill.; Mr. Floyd Lewis, Curran, Ill.; Mr. H. C. Irwin, Mr. Frank Reller, and Mr. Gerald M. Waters, all of Edinburg, Ill.; Mr. A. N. Carpenter, Franklin, Ill.; Mr. T. H. Lloyd and Mr. Elmer H. Kessinger, both of Girard, Ill.; Mr. Eugene Pfeifer, Kenney, Ill.; Mr. H. E. Pickrell, Lanesville, Ill.; Mr. Sam Sparks, Jr., Lincoln, Ill.; Mr. Fred Kloppe, Loami, Ill.; Mr. Evan Taylor and Mr. W. M. Goff, both of New Berlin, Ill.

Mr. Meade McWilliams, Pawnee, Ill.; Mr. J. Kennedy Kincaid and Mr. C. C. Stier, both of Petersburg, Ill.; Mr. Scott Irwin, Mr. T. D. Irwin, Mr. Emery Purvines, Mr. William B. Miles, Mr. H. H. Muncey, Mr. Walter Nottingham, and Mr. Kenneth Stringfield, all of Pleasant Plains, Ill.; Mr. A. R. Booth, Mr. George Gunnett, Mr. J. Ward Hopwood, Mr. Alfred Odiorne, and Mr. Carl F. Ostermeier, all of Springfield, Ill.; Mr. B. H. Wagehoff, Mr. J. A. Donner, Mr. Carl Reincke, and Mr. Maurice Parrett, all of Taylorville, Ill.; Mr. George M. Miller, Virden, Ill.; Mr. Elmer Reichert, Virginia, Ill.; Mr. R. C. Downing, Waverly, Ill.; and Mr. John T. Cooper and Mr. Milton E. Jones, both of Williamsville, Ill.

Mr. WOLCOTT. Mr. Chairman, I yield such time as he may desire to the gentleman from Oregon [Mr. ANGELL].

OLD-AGE SECURITY—FREEDOM FROM WANT AND HAUNTING FEAR

Mr. ANGELL. Mr. Chairman, while we are discussing wages, roll-backs, subsidies, and the cost of living, and before we take a recess we should also consider an increased allowance to our old folks so they may keep body and soul together. Mr. Chairman, I am sure no one will question the need for the Congress to recess during these hot summer weeks. As shown by the weather records, Washington this summer has experienced the hottest June since these records were kept. While congressional offices and the House and Senate Chambers are air-conditioned, the contrast between these air-conditioned buildings and the rest of Washington during this extreme summer heat not only is a severe handicap

to the orderly transaction of business here in the Capital, but slows down materially the efficient work of the Congress.

For almost 4 years there has been no opportunity for an extended cessation of congressional work so that Members might return to their districts, not only for a needed rest but also to acquaint themselves with the problems of their respective districts and confer with their constituency upon the momentous problems which are facing us during this critical time. However, Mr. Chairman, while I feel the need of returning to my district for all of these reasons, not having had an opportunity to be home but for a few weeks during the last 2 years, I feel that it is more important to clear the legislative calendar before a recess is had so that all important legislation which in any way will help in the prosecution and the winning of the war will be disposed of. We must also provide for the reconvening of the Congress immediately if necessity requires.

We should before recessing make some provision for increased allowances to our elderly citizens under the old-age security or pension program. We should at least before recessing make temporary provision for our elderly citizens by increasing their monthly allowances to cover increased living costs under war conditions until the Congress enacts a permanent old-age security program giving to our elderly people participating therein sufficient monthly remuneration to permit them to live in decency and health. It would be a mistake, Mr. Chairman, for Congress to recess before providing for these much-needed increases as a war emergency.

The Bureau of Labor Statistics recently reported that city workers now pay 21.1 percent more for cost of living than they did in January of 1941. Food prices show the sharpest rise, averaging 46 percent above those of 1941. The cost of various services required for living, especially medical care and other personal services, show the next highest increase. The millions of elderly men and women who are on fixed monthly pension incomes are required to meet these high costs of living from their meager allowances which have not been increased. The seventh annual report of the Social Security Board shows the average old-age assistance to be \$21.83 a month. These payments have remained stationary, with the exception of small increases in certain States, throughout the war period, notwithstanding the increased cost of living.

I attended a conference recently of a number of House Members where we discussed the pros and cons for giving early consideration to all pension legislation. We took this subject up personally with every member of the Ways and Means Committee urging them to grant a hearing on all pension legislation.

Mr. Chairman, I am sure that the Ways and Means Committee will accede to our request and appoint a subcommittee to hold hearings on old-age security and pension legislation pending in the Congress. This will be a recog-

nition of the necessity of a thorough study and investigation of old-age security and pensions and the enactment of legislation which will deal adequately with our elderly people and which will provide a sufficient income so that these old folks may maintain themselves in decency and health during the few remaining years of their lives.

Mr. Chairman, in seeking a solution of the old-age pension problem there are two objectives: First, providing adequately for the aged; and, secondly, maintaining our national economy unimpaired. In approaching this problem it is essential to consider the number of persons falling within the age limits of 60 years and over. I call attention to the following table giving this data:

*Means of support of persons 60 years of age and over, 1941*

	Number	Percent-age distribution
Total number of persons in the United States.....	13,900,000	100.0
A. Self-dependent.....	6,264,000	45.1
By reason of:		
1. Current earnings.....	2,700,000	-----
2. Savings, real estate, or securities.....	2,325,000	-----
3. Federal, State, and municipal pensions or insurance payments.....	708,000	-----
4. Industrial and other private pensions.....	142,000	-----
5. Insurance annuities.....	264,000	-----
6. Other resources.....	25,000	-----
B. Dependent.....	7,636,000	54.9
1. Supported wholly or partially by public or private social agencies.....	2,686,000	21.5
2. Dependent on children, other relatives (including spouse in some instances), and friends (wholly or almost wholly).....	4,950,000	33.4

Source: Marjorie Shearon, data submitted at hearings before the Special Committee to Investigate the Old-Age Pension System; U. S. Senate, 77th Cong., 1st sess., 1941, p. 215, revised as of Nov. 30, 1941, to include data from 1940 Census.

According to this compilation, while there are 13,900,000 persons in the United States 60 years of age and over, there are 7,636,000, or 54.9 percent, who are supported wholly or partially by public or private social agencies, or are dependent on children or other relatives and friends wholly for their support. Furthermore, there is a considerable group of approximately a million persons classified as self-dependents who derive their support in whole or in part from pensions of various sorts. It follows from an examination of these and other statistics showing the means of support of persons 60 years of age or over, that the major portion of the group are now being supported by society or relatives or friends.

Dr. Marjorie Shearon, in her studies, concludes that of all persons 60 years of age and over, four-fifths get less than a minimum for decency and health.

Dr. Shearon is an outstanding social-science analyst with extensive experience in the United States Public Health Serv-

ice. She was formerly on the staff of the Social Security Board and prepared the economic brief for the defense of the Social Security Act in 1937. Her experience qualifies her to speak with authority on this subject. In considering this problem the marital status of the persons involved is desirable. The following table gives this information:

*Estimated marital status of persons 60 and over, Jan. 1, 1940*

Marital status	Total	Male	Female
Total.....	13,200,000	6,600,000	6,600,000
Unmarried.....	5,900,000	2,100,000	3,800,000
Married.....	7,300,000	4,500,000	2,800,000
Spouse under 60.....	2,100,000	1,900,000	200,000
Spouse over 60.....	5,200,000	2,600,000	2,600,000

Source: Estimate by Robert J. Myers, of the Social Security Board, memo dated Feb. 14, 1939.

#### MONTHLY MINIMUM FOR DECENCY AND HEALTH

What is the amount required for a minimum for decency and health of the persons falling within the provisions of the proposed law? It has been determined by a number of investigators considering this subject that a minimum requirement for a couple over 60 years of age is \$85 per month. This is the amount arrived at by Dr. Shearon in her analysis of the problem, as shown by the following table, and I understand is the minimum requirement given by the National Resources Planning Board in its release Family Expenditures in the United States, table 66, of June 1941:

*Monthly minimum for decency and health, for a couple over 60*

Food.....	\$30
Shelter.....	35
Clothing.....	6
Transportation.....	5
Medical care.....	3
Miscellaneous.....	6
Total per month.....	85

Source: Dr. Marjorie Shearon, social science analyst, National Resources Planning Board, Family Expenditures in the U. S. (table 66), June 1941.

It should be noted that these minimum requirements are based on pre-war conditions, which should now be substantially increased to meet war increases.

It is of interest to note in this connection that the recent Gallup poll on old-age pensions shows that the American public in response to the question, "What do you think is the smallest income per month that a couple over 60 years of age needs for a decent living in your community?" answered, \$73. This is arrived at by averaging the answers throughout the United States. The South obviously was considerably lower, namely, \$59. The West Central States gave a similar sum as the South. The West and the New England and East Central States gave the higher sums of \$74 and \$78. The following shows the results of the poll by geographical sections:

West.....	\$78
West Central.....	59
East Central.....	74
East.....	78
South.....	59



This poll shows that 91 percent favor Government old-age pensions and the majority approved lowering the age to qualify to 60 years.

The American Institute of Public Opinion released the following survey, showing that 4 out of every 10 families in the United States lack sufficient purchasing power to provide proper food:

The fact that nearly one-half of all young men called up by the draft are rejected or deferred from full military service because of physical defects raises the question of just how fit the American people are. Shocked by the high ratio of physical defects among draft registrants, President Roosevelt has said that national health is one of the most pressing domestic problems facing the country today.

Since medical authorities trace a definite relationship between diet and physical fitness, the institute has conducted a survey among American families to determine how many believe their health suffers for lack of money to buy healthful foods. The results reveal three disturbing facts:

1. Throughout the Nation as a whole, approximately 4 out of every 10 families, or a total of about 12,000,000 families—say the health of their families is suffering because of insufficient money for proper food.

2. That situation shows virtually no improvement over a year ago, despite the increase in national income. In a similar survey in December 1940, 40 percent of all families reported lack of money for food necessary for the highest health standards, while today the proportion is 39 percent.

3. The situation in the lower-income levels of the population—families earning less than \$25 to \$30 a week—is particularly acute. Of all families below that level, 57 percent are conscious of diet deficiencies impairing their health.

The following question was put to a carefully selected sample of adults throughout the Nation:

"Would the health of your family be better if you had more money to spend on food?"

	Year	Today	ago
Health would be better.....	percent	39	40
Health would be no better.....	do..	61	60

The results in the income groups under \$25 to \$30 a week are as follows:

	Percent
Health would be better.....	57
Health would be no better.....	43

The Institute survey asked next:  
"If you had more money, what foods would you spend it on?"

Following is the list of foods which those families who say their health suffers from lack of money would buy if they had more money:

	National	Families earning below \$25 to \$30 a week
	Percent	Percent
Meat, with beef mentioned first.....	45	46
Vegetables, with small number mentioning potatoes.....	33	34
Dairy products, with ¾ mentioning milk and the rest eggs.....	33	34
Fruits.....	30	30
Bread cereals.....	5	5
Sugar-content foods.....	2	2
Miscellaneous.....	22	22
Didn't know.....	8	7

Some persons named more than 1 item, hence the total is more than 100 percent.

These startling facts were all based on pre-war conditions.

A study made of the income of the United States during 1935 and 1936 by the Government discloses these startling facts with reference to our national consuming power and the deplorable economic condition of our people; 4,000,000 families, or 14 percent, had an average income of \$312 a year; 8,000,000, or 27.5 percent, had an average income of \$758; and 7,000,000 families, or 23 percent, had an income of \$1,224. Two-thirds of our families had an average income of only \$326 a year, or \$69 a month, for an entire family. This survey was made by the Bureau of Labor Statistics and the Bureau of Home Economics, with the collaboration of the National Resources Committee, covering incomes in the United States during 1935-36. These disclosures show not only a lack of purchasing power but underconsumption so critical as to threaten the health and welfare of a large portion of our population. The American family is still the keystone of American democracy when the war ends. If the American way is to endure we must preserve at all costs the economic and social security and independence of the American family. If it falls, the whole structure falls. This study further shows that in the lowest income families 14 percent received only 6 percent of the food, and 42 percent of the families received only 26 percent of the food. The low-income group spent approximately a dollar a week per person for food—about 5 cents a meal—whereas the families receiving \$100 a month spent more than twice as much, or \$2.18 per person a week for food.

If families in the age groups participating in industry are unable properly to provide food for their own families they cannot be expected to furnish maintenance for their elders who are denied the opportunity to receive any income. If these workers are in such a plight, what may we expect the condition of the unemployed over 60 years of age to be?

#### AMERICA'S GOAL HAS BEEN MAXIMUM OF PRODUCTION WITH MINIMUM OF EMPLOYMENT

Mr. Chairman, we in America are proud of our achievements in the development of our productive enterprise and the processes perfected under mass machine production which enable us to produce the essentials necessary for the maintenance of our people on a scale of living never obtained by any other organized society. By the development of technological processes and mass machine production we not only are able to provide for the needs of all of our people, but we can do so and are doing so with the utilization of only a portion of our population who are able and willing to work in productive activities. It is reported that production in 1939 approximately equaled that of 1929, but 1,000,000 less workers were employed in industry. The United Mine Workers of America recently reported that within a 5-year period 25,000 men and women were released from the steel industry alone, due to improved methods and labor-saving devices requiring less employees, and that much larger numbers would thereafter be released by the adoption of improved

labor-saving machinery. I am informed that 19 men in the automobile industry are now making the same number of blocks that were made by 250 men 10 years ago.

Recently I inspected the Grand Coulee reclamation and hydroelectric power project in the State of Washington. This is the greatest man-made structure ever conceived and built. When completed it will be three times the size of the Egyptian pyramids which 360,000 slaves took 20 years to build. The immense concrete dam constructed across the Columbia River, the second largest river in the United States, is now completed. It will provide 1,980,000 kilowatt-hours of electrical energy and water for reclaiming 1,200,000 acres of land. The sand and gravel going into the dam is taken from the hills several miles distant by huge electric shovels. The material is removed by mechanical belt conveyors to the sizing and washing plants, and from there to the storage bins. One man in the control tower by means of mechanical devices transfers the sand, four sizes of gravel cement, and water to the mixing bins which are weighed automatically in correct proportions to form the concrete pursuant to Federal specifications. The concrete mixture is then carried by machines to the dam where huge cranes mechanically dump it into the structure. Through the perfected machines and mechanical devices used in this process, one man is able to do the work which without the machines would require 500 or more laborers. This is a typical example of what is taking place throughout industrial America today.

As a result of our ingenuity and accomplishments in adapting scientific processes and power machinery for mass production, our workers have not only been able to produce a much greater volume and variety of goods than heretofore to provide food, clothing, and shelter, as well as a higher standard of living for our people, but in the process we have eliminated a large segment of our population from participation in the processes. As a result, and due to other contributing factors, from 1929 to the beginning of our national defense program, some 10,000,000 or more of our workers were unable to find employment in productive enterprise, and even now with the increased demand for manpower in war production, we still have unemployed workers. These calculations in the main do not take into consideration that larger group of unemployed who are 60 years of age or over, most of whom are denied the right to participate in productive enterprise. It is interesting to note that the United States census for 1890 shows that at that time 75 percent of all our people over 65 years of age were gainfully employed. At the present time, as I have already pointed out, 80 percent of our citizens 60 years of age or over are unable to obtain the minimum for decency and health.

The science of production has submerged the science of distribution. The very achievement of our goal, maximum of production with minimum of employment, has undermined our economy by reason of our failure to provide that dis-

tribution shall keep pace with production. Production has filled our stores, our granaries, our warehouses with foods, clothing, and other necessities of life, but in so doing has robbed the customers of the power to purchase. As a result, before the war we have had the spectacle of our Government buying up huge quantities of the necessities of life or paying the farmers and producers to destroy them, or not to produce them, at the same time millions of our people lacked food and clothing to maintain a bare minimum of decency and health.

I call attention to an observation of the United States Supreme Court in a decision written by the late Mr. Justice Cardozo—*Helvering v. Davis* (301 U. S. 619-641)—which sheds much light upon this distressing problem confronting us:

Spreading from State to State, unemployment is an ill not particular but general, which may be checked, if Congress so determines, by the resources of the Nation. If this can have been doubtful until now, our ruling today in the case of the *Steward Machine Co.*, supra, has set the doubt at rest. But the ill is all one, or at least not greatly different, whether men are thrown out of work because there is no longer work to do or because the disabilities of age make them incapable of doing it. Rescue becomes necessary irrespective of the cause. The hope behind this statute is to save men and women from the rigors of the poorhouse as well as from the haunting fear that such a lot awaits them when journey's end is near.

Congress did not improvise a judgment when it found that the award of old-age benefits would be conducive to the general welfare. The President's Committee of Economic Security made an investigation and report, aided by a research staff of Government officers and employees, and by an Advisory Council and seven other advisory groups. Extensive hearings followed before the House Committee on Ways and Means, and the Senate Committee on Finance. A great mass of evidence was brought together supporting the policy which finds expression in the act. Among the relevant facts are these: The number of persons in the United States 65 years of age or over is increasing proportionately as well as absolutely. What is even more important the number of such persons unable to take care of themselves is growing at a threatening pace. More and more our population is becoming urban and industrial instead of rural and agricultural. The evidence is impressive that among industrial workers the younger men and women are preferred over the older. In times of retrenchment the older are commonly the first to go, and even if retained, their wages are likely to be lowered. The plight of men and women at so low an age as 40 is hard, almost hopeless, when they are driven to seek for reemployment. Statistics are in the brief. A few illustrations will be chosen from many there collected. In 1930, out of 224 American factories investigated, 71, or almost one-third, had fixed maximum hiring age limits: in 4 plants the limit was under 40; in 41 it was under 46. In the other 153 plants there were no fixed limits, but in practice few were hired if they were over 50 years of age. With the loss of savings inevitable in periods of idleness, the fate of workers over 65, when thrown out of work, is little less than desperate. A recent study of the Social Security Board informs us that "one-fifth of the aged in the United States were receiving old-age assistance, emergency relief, institutional care, employment under the works program, or some other form of aid from public or private funds; two-fifths to one-half were dependent on friends or relatives, one-eighth had some income from earnings; and possibly one-sixth

had some savings or property. Approximately 3 out of 4 persons 65 or over were probably dependent wholly or partially on others for support." We summarize in the margin the results of other studies by State and National commissions. They point the same way.

The problem is plainly national in area and dimensions. Moreover, laws of the separate States cannot deal with it effectively. Congress, at least, had a basis for that belief. States and local governments are often lacking in the resources that are necessary to finance an adequate program of security for the aged. This is brought out with a wealth of illustration in recent studies of the problem. Apart from the failure of resources, State and local governments are at times reluctant to increase so heavily the burden of taxation to be borne by their residents for fear of placing themselves in a position of economic disadvantage as compared with neighbors or competitors. We have seen this in our study of the problem of unemployment compensation (*Steward Machine Co. v. Davis*, supra). A system of old-age pensions has special dangers of its own, if put in force in one State and rejected in another. The existence of such a system is a bait to the needy and dependent elsewhere, encouraging them to migrate and seek a haven of repose. Only a power that is national can serve the interests of all.

Mr. Chairman, to summarize, in the United States today, through the use of the physical sciences and mechanical arts, the major part of the goods and services consumed are provided by scientific processes and power machinery. Our workers are able to produce a much greater volume and variety of goods than heretofore to provide food, clothing, and shelter, as well as a higher standard of life to our people. Our productive capacity per man has multiplied manifold. In supplanting handicrafts by scientific processes and mechanical devices a maladjustment has taken place in manpower or labor, resulting in unemployment and loss in purchasing power. Before the war the loss of purchasing power in the workers displaced threw the industrial machine out of balance. To retain this balance, purchasing power must be retained in the post-war period. Fewer workers being required in productive enterprise to supply our wants, it follows a portion of the body of workers must be retired.

If any group must be retired to save our industrial structure and the profit system as well as our economy, it follows those citizens 60 years of age and over, four-fifths of whom are without means to maintain themselves in decency and health, should be retired. Their past services entitle them to such recognition. Our industrial system which is responsible for their plight should be charged with the responsibility to provide the purchasing power to meet their needs.

#### ELDER CITIZENS AND NATIONAL DEFENSE

Mr. Chairman, it has been suggested that it is inopportune now to adopt and put into effect a program providing for adequate care for our elder citizens when we are engaged in a world-wide war. I concede that no new program should be adopted which will limit or curtail our productive activities in carrying forward our war efforts unless absolutely necessary. We will win a hollow victory if in the winning we deprive four-fifths of our

14,000,000 senior citizens of the means to maintain themselves in decency and health. However, at the outset, I feel that the premise that this program will not fit in with our war efforts is untenable. The contention has been made that with the demand for manpower in war production many of our citizens falling within the 60 years and over age group will be absorbed in industrial employment. It is true that preliminary studies already made disclose that some of the men between 60 and 65 who are skilled workmen who had been released prior to the national defense program owing to the demands for skilled workmen, have been put to work. This reemployment, however, is so small as compared with the total number of approximately 14,000,000 of the age under consideration, that such relief is of minor importance in finding a solution for the whole problem. Furthermore, it is obvious that the peak of such employment of these older men has now been reached, as the number available of such skilled workmen has already been exhausted. As the younger workers acquire the necessary skill the older men will be relieved.

We should note also that the reemployment of these elder citizens is limited to a few definitely defined areas contiguous to centers of defense production and therefore affords no relief to the great stretches of our territory reaching from coast to coast where no defense activity is in progress.

On the other hand, the relief granted through a sound old-age annuity program will be fairly uniformly distributed throughout all areas of the United States in proportion to population. It follows that the major portion of these citizens 60 years of age or over will continue to remain unemployed and without a minimum income for decency and health and will continue to be an obligation resting upon our national economy, regardless of where the burden may be placed. If a plan is to be adopted whereby this burden resting upon our society is to be provided for by Federal enactment, providing minimums of support to all older citizens regardless of State lines, financed in full by the Federal Government, we are in a better position under our national war economy to initiate it now than we have been since 1929.

Our national income will be this year one hundred and forty billions due to our war efforts. The Secretary of the Treasury, Mr. Morgenthau, has, on several occasions, informed Congress through its committees that it is desirable to capture through taxation or otherwise a larger portion of this increased national income in order to prevent inflation. If that is true, it seems reasonable to assume that a Federal tax such as proposed in the Townsend program, or some comparable tax formula, will meet the problem suggested by the Secretary of the Treasury and at the same time inaugurate a long overdue program providing decent care for those of our citizens who have been discarded by industry. This indeed is a most opportune time to initiate this program. Furthermore, at a time when we are bending every effort to free the entire world of want and suffering and



are pouring out billions of American dollars to the four corners of the earth for that purpose, we must not completely ignore the 14,000,000 of our own elder citizens who under our economy are denied the right to work when able to do so and are in dire need, while we are passing out these billions to the unfortunate peoples beyond the Americas. Let us not overlook the folks at home, ill-clothed, ill-housed, and ill-fed. I have voted for these expenditures but I still believe that charity begins at home. However, the obligation that we owe to these elder citizens is not charity. It is a social dividend which they have earned through the years, by their sacrifices and work in building this America as we have it now to enjoy, and in preserving our American way of life.

These facts demonstrate that Federal legislation as proposed, providing a minimum for decency and health for our citizens over 60 years of age, does fit into our war program. The great majority of our senior citizens will neither profit directly nor indirectly from this program. Only a negligible number have been re-employed. On the contrary, they will lose through the present increased cost of living. The benefits of defense spending seem to be largely localized in less than half of all the States. In contrast the proportion of about one-tenth of the population who would receive a pension is very constant throughout the Nation. The production demanded by our senior citizens will be mostly food, shelter, clothing, medical care.

If we are to preserve the American way of life and protect our own democracy from disintegration and collapse, we must find a solution for our unemployment problems as well as providing a decent living for those of our citizens who under our economy are unable to be provided with remunerative employment in our system of production. The severest indictment that has been lodged against us is that while we are the richest and most favored Nation on earth and while we have developed the greatest and most effective productive enterprise the world has ever known for providing the necessities of life—more than sufficient for all—we have failed miserably to provide a method by which the fruits of our industry may be shared equitably by all groups of our people.

While it is true that the social-security program was an approach to this problem, it has completely failed to bring about a solution. Instead of preventing inflation, it has only added thereto. It has sucked out of industry huge blocks of purchasing power and frozen it in idleness, and has used the funds contributed for relief in meeting the ordinary obligations of the Government. It is now clearly demonstrated that these taxes, while ostensibly being a tax upon the wages of these annuitants and their employers, are in practice passed on to the general public as an additional charge entering into the cost of the goods produced. It follows that this tax burden in the main rests upon the general public, but the general public does not have an opportunity to share in the annuities paid therefrom. It is restricted

to the few favored individuals coming within the protection of the Social Security Act. Furthermore, the larger the income of the annuitant through the years the larger his monthly payment, notwithstanding the fact that with the larger income annuitants are in less need than those receiving smaller incomes. It reverses the needs test. Under it the less the need the greater the annuity.

Mr. Chairman, in concluding my remarks, I present for consideration the following brief summary of a report of the voluntary nonpartisan committee of the House on social security, old-age pensions, and unemployment.

National recovery in the United States is entirely dependent upon an adequate and sustained purchasing power in the hands of the American people. If business and industry are to be assured of opportunity for the steady production of goods, with reasonable profits, and if labor is to be assured stable and sufficient employment, with living wages, purchasing power must keep pace with production. Economic stability depends today almost entirely upon the expansion of demand. With adequate purchasing power available, demand for commodities and services will come naturally, and this demand will force increased production and in turn stabilize employment and make more work available.

Annually about 15 to 20 percent of currently received income is neither spent nor invested, but is saved. This means that this amount is taken out of circulation, reducing the volume of active purchasing power and causing more unemployment. The main question is, How, under the circumstances, are we going to consume all we can produce? Part of our people can produce enough for all of the people. It is necessary that some group be enabled to consume without taking part in production. There are a considerable number of persons in the country who, through no fault of their own, cannot take part in production. In this age it is almost impossible for a man to get a job after he reaches the age of 60. This group over 60 years of age, who have toiled the longest, should not be deprived of taking part in the consumption of goods. They are the victims of an industrial system for which they are not responsible.

We owe a duty to our old folks and we can perform this duty by establishing a national annuity system on a pay-as-you-go basis, drawing upon some of the idle savings as means of financing it. This plan would take care of all groups that are American citizens over the age of 60. They would be paid by the Federal Government an amount determined by prorating the tax revenue derived from the special taxes levied for this purpose. The revenue will be derived from a broad general tax plus taxes which will operate to reduce the volume of idle savings and make more funds available for active consumer buying power.

Probably the central reason for unemployment today is failure of consumer buying power to keep pace with the production of goods and services. If we are to have a full employment, it

is necessary for production of goods to be continuously balanced by an equivalent flow of consumer demand.

Certain facts in recent experience have important bearing on this question. These facts are as follows:

First. Production tends to increase faster than employment.

Second. Under modern scientific methods of production, part of the people are able to produce enough for all the people.

Third. If, however, all the people do not consume their reasonable share of national production, inventories increase, production must be reduced, and even those currently employed will be in danger of losing their jobs.

Fourth. In the closing months of 1939, the Federal Reserve index of industrial production stood at the highest figure on record and in the whole year 1939 the production of goods and services equaled that of 1929. This, however, was accomplished with the employment of 1,000,000 less people than were employed in 1929. It was inevitable under these circumstances for inventories to increase and for production itself to be curtailed so that today the index of production is once again falling.

Fifth. Various methods have been employed to try to keep consumer demand in line with production. Between 1922 and 1929 the consumers of the country had contracted a debt of between \$9,000,000,000 and \$11,000,000,000 for purchases which they had made on the installment plan. That is, they had attempted to purchase goods in an amount of \$9,000,000,000 in excess of their incomes. This could not go on and it was one of the causes of the crash of 1929. It would have come much sooner had it not been for people buying goods beyond their incomes. They tried to stretch consumer demand to equal production. It could not be done.

Sixth. We find that persons 60 years of age and older, once they have become unemployed, find it almost impossible to get back to work again. There are various factors which cause this, among them those connected with industrial insurance and retirement systems. It is a fact, however, which must be taken practically into account.

Seventh. In various ways an attempt has been made to bring about better adjustment between production and consumer demand by enabling certain groups to consume even though they do not take part in production. Relief, retirement systems for Government employees, and certain categories of social security are examples of this.

If it is necessary for some group in society to be enabled to consume its share of national production without contributing to that production, then obviously this group should be those people who have worked the longest and contributed most in the past to our national wealth and to the building up of our very efficient productive machine. This evidently indicates an old-age annuity system.

It is agreed by most economists that the central cause of unemployment today is that too large a proportion of our na-

tional income is saved and set aside in idle pools of money which are neither spent nor promptly invested by their owners. This would indicate the importance not only of stimulating investment but accomplishing a transfer of a portion of the funds now held out of use in surplus savings into the stream of active consumer buying power. The best way to do this is by a system of taxation on the one hand, and the payment of old-age annuities on the other. In our opinion, such a measure would contribute as much to a restoration of confidence as anything that could be done. For all these reasons we believe there should be a national system of pensions established in this country for those people who have passed the age where they can reasonably be expected to secure employment in industry. The particular features of such an old-age annuity system, we believe, should be as follows:

First. It should be a pay-as-you-go system. That is to say, all money collected in taxes for the purpose of providing such pensions should be promptly disbursed to those eligible to receive it.

In the fiscal year 1940 both the unemployment insurance system and the old-age annuity system took money out of circulation at a net rate of \$50,000,000 a month. That is, over the whole year those two programs collected in tax \$1,200,000,000 more than they paid out in benefits.

Furthermore, those population groups, such as farmers, farm laborers, domestic servants, and others who do not participate in any way in the benefits from either the unemployment insurance or old-age annuity systems, must constantly pay a portion of the pay-roll taxes—indirectly through higher prices—to make possible the payments to the special groups which are covered. Therefore, our next point is:

Second. Pensions should be paid to all American citizens over 60 years of age who are retired from industry.

Third. There should be no difference in the amount of payments made by the Federal Government to people in different States. The States may, of course, supplement Federal payments as they see fit, but the basic pension system should be a straight Federal system supported by Federal taxes and with payments made directly by the Federal Government.

Fourth. The revenue for such a system should be derived first from broad general taxes whereby practically everyone in the population will pay at least a small amount to support this national system of old-age security. Another portion of the revenue should come from such taxes as will operate to reduce the volume of hoarded funds and to accomplish the necessary shift out of those holdings into active consuming buying power. The gross income tax is an example of the first kind of tax, whereas, income taxes, inheritance, estate, and gift taxes are examples of the second kind.

Fifth. The size of the pension should be determined by prorating the tax revenue derived from the special taxes levied for this purpose among all those eligible to

receive the pension. But the policy should be to fix the tax rates at such a point as to yield to each pension recipient his proportionate share of the national income.

Such a system as we have outlined would avoid the complicated system of bookkeeping now required both on the part of the individual employers and on the part of the Social Security Board itself. It would make possible elimination of the pay-roll taxes and of the attempt to maintain individual records on upward of 40,000,000 workers. It would make possible the inclusion of all occupational groups of citizens, and it would bring to an end the serious deflationary influence of the current attempt to accumulate reserve funds.

Mr. Chairman, as stated in my opening remarks, it is imperative that the Congress take action immediately to provide temporary relief for our old people by increasing their monthly allowances, as a war emergency matter, owing to the increased cost of living expenses which they must meet out of their meager monthly income from pensions. This increase should be provided for before we recess. My remarks, however, on a permanent social security or old-age program, have reference to a permanent long-range program based on pre-war conditions and fitted into our economy in the post-war period.

We cannot overlook the fact that when the war ends some 10 million servicemen will be released from combat service and will be seeking civil employment and, in addition, there will be 20 million or more turned out of war industries who will have to be absorbed by civil employment in our industrial enterprises. We should not add to this immense problem that will face us by having the 10 million or more elderly citizens still seeking employment and a sufficient monthly income to maintain them in decency and health.

Mr. Chairman, I plead that this important pension program be taken up by the Congress at an early date and solved, in order to save our old folks from want and starvation.

Mr. WOLCOTT. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, most of the discussion thus far has been devoted to the wisdom or unwisdom, the necessity or lack of necessity for subsidies. I presume no single argument on this subject, for and against, will be unstated after the debate is over. But in my considered judgment there is a far more fundamental issue before this Congress today, and I presume upon a few observations upon that fundamental issue. That is the executive versus the legislative. It is just a part of the pattern that we have seen coming for some time.

It is going to plague us from here on out, and I am frankly disturbed.

It is a question of whether the President is above the law or whether he is amenable to the law. If there is no authority for the action that has been taken thus far by the officials of the Office of Price Administration, directed

by the President of the United States in rolling back prices by means of subsidies, then we are in the very unhappy and in the very anomalous position of trying to place a restriction upon the Chief Executive and his administrators when there is no authority now under existing law for what they have done. That is the unhappy and paradoxical situation; that really is the point I am drawing attention to, and if it were left to me entirely I would not validate the action that has been taken thus far. If there is no authority for subsidies in the first instance, I would not validate them now if it could be done by my vote. What is happening is that we are simply storing up for the one evil day that lies ahead, a determination of the responsibilities resting on the executive branch and the legislative branch of the Government, a question that is going forward year after year.

The very fact that in the last 10 years there have been 3,600 Executive orders as against the 4,500 public laws passed by the Congress is some indication of the power that has been arrogated to the executive branch of the Government at the expense of the legislative branch.

It is a part of a design that has recurred in the history of the Republic. When Alexander Hamilton had in mind some idea that he wanted to get over, he wrote with that facile pen of his that there must be a strong Executive. When Woodrow Wilson was still in the scholastic cloisters, 50 or more years ago, he was writing about the necessity of a strong Executive; and then pursued that ideology, when he was in the White House.

Theodore Roosevelt tried it on the country when the Panama Canal was still under construction, and again there was conflict between Congress and the President.

And today we have this same identic design that recurs in pattern of this representative democracy, and there is a fateful day ahead before we finally determine whether or not the ancient and durable separation of power in government is going to be maintained, whether the integrity of the lawmaking branch will be preserved, and whether the President will carefully follow the law.

I was interested in the observation of my good friend, the gentleman from North Carolina [Mr. MORRISON], because he started out on that thought. I am interested in preserving the coordinated government with its separate branches, each one with its organic powers, and if that is not done, then a good many of our sacrifices will have doubtless been in vain. What shall it profit us to gain freedom for the world and lose constitutional government at home?

This is tragic business, and what I have in mind is that here the fundamental issue is again presented today of the Executive versus the legislative branch, with the Chief Executive assuming an authority that does not exist, and then compromising the position of the Congress. That is the thing that is happening today in this very question



of subsidy. It is growing, day after day, week after week, and month after month, and we must deal with it sooner or later.

I am interested in another thing. I am wondering as we pursue this subsidy route now whether we are seeing far enough down the avenue of time to see the difficult position we are going to be in later. It is so easy to put on a subsidy, but do not forget that some day we will be confronted with the problem of taking it off, and then what? We will meet consumer resistance to taking it off; we will meet farmer resistance if we tinker with prices; we will meet labor resistance if we undertake to alter wages and it is going to be a difficult thing to remedy and to undo the work that may be done this fall day by the Congress of the United States if we embark upon a subsidy plan.

Mr. MORRISON of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. Let me continue for just a moment, and then I will yield.

I am interested for this reason: It will be a part of the whole collective pattern; it will be a part of the socializing pattern, and when we get going pretty well on that road, what will be our condition, what will be our capacity for dealing with the big problems of the Nation and the world when the war is over?

We made great promises to the world, but do we have the capacity to carry out those promises? It is a matter of great importance. It is so easy to talk about the "four freedoms," and to talk about elevating the conditions of 400,000,000 or 500,000,000 peoples throughout the world, but do the 130,000,000 people have the capacity? They might. They might if the very integrity of the Republic is maintained, and it can be done only by a great and a militant people that still live under the banner of free enterprise, for only out of that kind of government would you get the faith, would you get the vigor, would you get the power, would you get the leadership to do the job that we have assumed for the world. A collective ideology cannot do it; a collective philosophy cannot do it, and I am wondering whether we do not, by the route now proposed, destroy our own capacity to meet post-war problems when finally that responsibility devolves upon this Republic.

I now yield to the distinguished gentleman from North Carolina.

Mr. MORRISON of North Carolina. Would not this so-called subsidy we are now immediately dealing with naturally fall when price control falls?

Mr. DIRKSEN. My good friend, it will fall only when the authors and finishers of the subsidy philosophy fall. Mr. Henderson said to the Banking and Currency Committee that in his judgment there would be price control after the war is over. Mr. Tugwell said that the philosophies existing before 1932 were just as archaic as the ox cart and the windmill.

Dr. Hansen who advises the Federal Reserve Board and the Bureau of the Budget says that Congress will surrender its powers over taxation and appropriation and only indicate in broad lines the direction that the Chief Executive shall

pursue and leave to him the rest of the chore. Adolf Berle has expressed a like kind of philosophy, and they, my good friend and brother in the faith, are giving point to the administrative philosophy of government today. So I say to you that it will fall only if they let it fall; but, thank God, there will be another day for the people to speak and there may be a possibility of taking them out of office and saving the country before it is too late.

Mr. MORRISON of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. MORRISON of North Carolina. Let me say to the gentleman from Illinois that the gentry to whom he refers we will attend to in our party before the gentleman even gets a chance to do it, and what we leave of them we are sure he will take care of.

Mr. DIRKSEN. I hope that will be the case, but there has been this rising tide of the new ideology that has been moving faster and faster in all the days that I have been privileged by my constituency to be a part of this honorable body, and sometimes I have despaired we will ever undo the damage which has been done.

Mr. RANDOLPH. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. RANDOLPH. I appreciate the gentleman's yielding. Akin to what the gentleman has stated, which disturbs me and it must disturb the gentleman, is the reasoning of Mr. Ickes and others in taking over the coal mines, the industry of the country, under the impact of the war. Is not that a further step towards socialization and corporate government?

Mr. DIRKSEN. That is true. I thank my friend. You see, there is something more to it than meets the eye. We are dealing here ostensibly with subsidies, but fundamentally we are dealing with this greater problem of the executive encroachment upon the legislative branch of Government, and the very hope of this country reposes in this branch of Congress today.

Consider how many times Congress has in one way and another spoken upon the question of incentive and subsidy payments and yet at this very moment, notwithstanding the action of the Congress, such subsidies are in effect. Where is the authority for such action, and if no authority exists, by what virtue was such a program initiated? Can it be that in his capacity as Commander in Chief of the Army and Navy, the President deems himself Commander in Chief of the civilian population and the civilian economy as well?

If the President can assume such powers, without authority of law, what shall we say of the future? He may find himself at variance with the people and with the Congress on matters of international concern, and will he then undertake to ignore the clear intent of the people's representatives and pursue his own course?

If we continue to move forward into that field of governmental philosophy where governmental power is ultimate and supreme and transcends the rights

of the citizen as a free individual, speaking through his legislative representatives, what shall we say of our usefulness in the days ahead in dealing with world problems? A nation wedded to the collective idea in which the individual is but an atom, and where incentive and initiative are impaired, would find it difficult indeed to assume leadership for the world. Freedom, free enterprise, initiative, integrity, constitutional government must be maintained if we are to exercise maximum usefulness in the days to come and it cannot be done if by subtle means or by bold action on the part of the Executive powers are assumed which are not authorized by the lawmaking branch.

Such is the matter before us today, and that is why we are confronted with a problem far more fundamental than the mere problem of subsidies.

Mr. STEAGALL. Mr. Chairman, I yield 7 minutes to the gentleman from Maryland [Mr. BALDWIN].

Mr. BALDWIN of Maryland. Mr. Chairman, as a member of the committee listening to the hearings on this bill, I just want to take a minute or two to express my views about subsidies, and why I feel some restrictive amendments should be placed in this act to curb the use of subsidies by the Commodity Credit Corporation.

If you will turn to the hearings at page 23 you will find the statement of Mr. Chester Davis. He said something in his opening statement which, to my mind, defeats every argument he advanced in support of his request for subsidies. I read the following from his statement:

Let me throw a few figures at you. Most of you are familiar with them. The best estimates I am able to obtain indicate that the total of consumer income in the United States in 1943, that is the sum of payments to individuals, will aggregate about \$140,000,000,000. The forecast for individual taxes is about \$16,000,000,000, leaving disposable income in the hands of the consumers of about \$124,000,000,000. At the existing price level, with the supply of goods that we have on hand, about \$82,000,000,000 is about all we can expend for consumer goods without having a substantial rise in prices. And that leaves, and on any estimate of this sort you have got to be willing to take a billion dollars or so here or there because after all, they are estimates; that leaves about \$42,000,000,000 which you might say is available for savings. And under savings I would include insurance payments, normal payments, and reduction of debts and what people are now investing in Government bonds.

Saying that that type of savings is \$25,000,000,000, that leaves \$17,000,000,000 knocking loose in the economy, much of it in the possession of people who want to spend it. Many of them never had so much money to spend before in their lives. That creates an inflationary condition. That makes direct price controls very difficult to handle. It seems to me the answer to that is the answer that should have been taken a long while ago, that is by stiffer taxation and withholding at the source and a much broader program of investment on the part of the people who have this money in Government securities than we have ever had in this country. That would lay a kind of foundation against which we could brace ourselves with price controls and operating programs.

Mr. Davis in asking the committee to give him another \$1,000,000,000, to be

used in subsidy payments, admitted in his opening statement that the same public that in his mind had \$17,000,000,000 which should be taken away from it, should be given this extra \$1,000,000,000 or \$2,000,000,000. In support of his argument, he said we should borrow, or tax the people further, to give them another \$2,000,000,000 too much money to spend. This, to my mind, is no argument why we should allot funds to the Commodity Credit Corporation for subsidy payments.

Brought out in the committee, and discussed very thoroughly, was the question of how much money this subsidy would save each person. They said on the facts before the committee it could not save the average person in America over \$10 a year, or approximately that. Do you mean to tell me that anybody in authority will try to convince the American people that a \$10 subsidy to each individual in the United States will stop the cost of living from going beyond the limit where it would be called inflationary? To my mind we are not only fooling ourselves, but we are trying to fool the American people into believing we are giving them something that we are not. It is very easy for us here in Congress to go home and tell our constituents that we are giving them something; that today we have voted in Congress to give them something; that is easy to do. I have in my district two of the largest industrial plants in the United States, the Glenn L. Martin Co. and the Bethlehem Steel Co. Over half my district is in Baltimore city. I can easily go to my people and tell them that I voted this afternoon to give them a subsidy, but I think this is no time, of all times, for men in public life to try and curry favor with their constituents by offering them some incentive.

The Treasury of our country and the financial stability of our country is of more importance to me than to go back home and tell my constituents that I am trying to tax the people of the United States to give them a hand-out; and that is what this subsidy will mean, because it is a subsidy to the consumer and not the producer. Mr. Chairman, we, especially we in public life from the Executive down, in this war Congress, as never before, should stand up and tell the American people the facts and not try to perpetuate ourselves in public office upon some unsound program that will catch the unthinking person and possibly get votes by doing so. If there ever was a time in America when men should stand on principle and try to lead their constituents and be honest and truthful with them about the actual conditions and facts of our Government, it is today, because we not only are struggling for the survival of our democracy, but what we do here in the next year or two is going to go a long way in molding the policy of our Government for the next generation.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WOLCOTT. Mr. Chairman, I yield such time as he may desire to the gentleman from Nebraska [Mr. MILLER].

Mr. MILLER of Nebraska. Mr. Chairman, we are facing a most unusual situation in the country today.

We are witnessing a shortage of meat all over the country and at a time when we have a larger surplus of beef and hogs than at any other time in the history of our country. In facing such a situation one naturally asks why a shortage of beef and pork in the case of such a surplus? The answer is not too simple but in making a careful analysis one cannot help but come to conclusion that the price-fixing regulations under the administration which has caused confusion, doubt, and apprehension as to the future has caused the producers and the packers of meat to become panicky. They lack confidence in the administration. There is too much confusion.

It is most unusual, Mr. Chairman, that the individuals in the administration who have charge of the regulations relative to food, and this includes price-fixing, rationing, and distribution, are not in accord with each other. There is no definite policy, no coordination of effort, but misunderstanding and bickering which have led to further confusion.

It is most unfortunate that many of the men dealing with policy-forming positions have had so little actual experience in the fields which they are trying to regulate.

The O. P. A. set up some advisory committees to consult with the leaders of industry but I want to point out to this House and the country that although these advisory committees who understand the problems of food production have been consulted their advice has not been followed. Take the cattle industry including the producers and the packers. They have protested long, hard, and in earnest that the roll-back of prices and the subsidy program being considered was not workable. They have protested vigorously against the directives and the program. Have they had any results? Apparently not. It is hard to understand why some of the economic theorists and the impractical planners have not taken the advice and the considered judgment of the men on the firing line who are dealing intimately, closely, and with great understanding with the problems in the production of meat. Is there anyone in this House, particularly on the majority side, who can answer that question? I would like to pose this question to the majority leader. Why has it been that the O. P. A. has not listened to the considered judgment of the livestock producers and the packers as it relates to meat? This is also true of the butter producers and the men dealing in the sale of coffee.

On June 1, 1943, I placed in the Record the following:

Mr. Speaker, the people of the Fourth District of Nebraska are wrought up over this latest scheme of price control proposed by theoretically minded economists in the Office of Price Administration known as the roll-back of prices by means of subsidy payments. Here are some of the expressions found in the mail that is coming into my office:

"We believe that production will be further curtailed and black markets increased.

Government bureaus must listen to common sense if they are to ward off starvation."

"Proposed subsidy programs will mean only further Government control, will increase black markets tremendously, will add materially to already much-confused conditions, will tend to reduce production, and cost of operation will be exorbitant and extravagant."

#### Stockmen wire:

Subsidies are wrong in principle and roll-back will be incentive to bootleg meat and decreased production. Let's win the war and quit messing things up.

These messages show that practical people understand just what the subsidy scheme implies and how it will fail in practice. In the first place, if it does reduce the price of meat and butter at the retail store, the housewife who buys it will pay in taxes not only the subsidy but the cost of the huge organization that will be set up to administer the program. In this day, when everybody is going to pay taxes to the limit, there can be no shifting to someone else. Today there is a black market in food because the consumer has the money and is willing to pay a higher price in order to get the food. By reducing the official price of food with a subsidy the O. P. A. is not going to be able to destroy the black market nor is it going to be able to reduce the actual price that people will pay for food, if they get any at all.

These theoretical schemes, hatched in the brains of impractical economists, which disregard our whole established plan of production and distribution, serve only to disturb and upset those who are having a hard enough job of producing our food. These schemes only serve to discourage the producers and inevitably reduce the amount of food produced. What I say about this is borne out in the following statement I received from 145 members of the Dawson County, Nebr., Feeders' Association this morning:

Government meddling has already taken half the cattle out of our feed lots, and we know that the proposed subsidy program will further discourage cattle and hog feeders in this territory.

Mr. Chairman, I ask you, What good will it do to reduce prices if the scheme employed reduces the production of food itself?

These people are appealing to their Representative in Congress for aid against these schemes. The bureaus that hatch them will not listen to them. We are the elected representatives of the people. They look to us for help against the "planners" who have taken this land of plenty almost to the point of where it is a land of scarcity. It is high time, Mr. Chairman, that this Congress serve notice in a way that will be understood that it is opposed to these schemes of totalitarian economy.

I wrote a letter to Mr. James F. Byrnes, Director of War Mobilization, and Prentiss Brown, Director of the O. P. A., in which I stated in part:

It is the considered judgment of the livestock producers and packers that a roll-back program, as it will affect livestock and meat, is very unwise. Such a move will add to the



already existing confusion, which means red tape and rationing the livestock and meat industry, which have heretofore had an unequal record of patriotic cooperation in our national war effort. It will in the end not only create chaos but encourage black markets and decrease the production of meat.

This was on June 1. The prediction made at that time, I am sorry to say, has come true, black markets are flourishing, confusion is rampant. I further stated:

The entire food subsidy idea will cost the taxpayers of this country billions of dollars. The citizen has more money to spend than ever before and giving of subsidies to him will add more millions of dollars to an already swollen and unmanaged purse.

I further stated:

That the giving of subsidies is an unwise economic experiment designed to fool the people. It is un-American and unnecessary. Such a move will be an additional form of inflation. It is entirely devoid of any merits. It will be impossible to distribute subsidies with any degree of equity among all the producers and handlers of food.

I further stated:

That subsidies will act as a creeping, grasping narcotic which in the end will lull industry to sleep and eventually paralyze and stifle free enterprise.

I said in the same letter:

I presume the next move of your group, if Congress refuses subsidies and I am sure they will, will be to pass the roll-back to the farmer.

That is what is happening, gentlemen; the roll-back on the price of meat has already been given to the farmers, and now the administration proposes an additional subsidy to the packer.

I asked Mr. Byrnes and Mr. Brown for an answer which the public and my people would understand, but to date I have received no answer.

I am rather proud of the fact, Mr. Chairman, that I was one of the first men in this Congress to protest the giving of subsidies. For on May 10, page 4150, of the CONGRESSIONAL RECORD, I called the attention of this House and protested the statement of Price Administrator Prentiss Brown, in his radio talk, when he made his first announcement that "the paying of subsidies would save the housewife some money because the Government would pay the difference."

Mr. Chairman, subsidies for foods are a political juggernaut. When once started it never turns back. The paying of subsidies for all food prices would add billions of dollars in taxes to our national debt. The administrative costs would be tremendous. It would add thousands to the Government pay rolls. The administration is not fooling the people. They know eventually they must pay the bill.

It is the desire of every man in this Congress to do those things and take those actions that will help win this war. The production of food is most important. Men cannot fight on empty stomachs nor can the people at home wax fat on directives from the administration. There is no question now since the program of subsidies was announced by Mr. Brown on May 9 that it has resulted in a scarcity of food, particularly meat. Many packing houses have closed their doors. The only ones operating, and

they on a restricted basis, are the large packing houses who are supplying meat to the armed forces.

It seems that this Congress should recognize that when an act of the administration is hindering the prosecution of this war that the act should be immediately corrected.

Leaders of agriculture have appealed to the administration for more than a year, pointing out the necessity of food, the need of machinery, a more liberal policy in keeping experienced farm hands at home, and then a price for their produce which would give them a fair profit. The administration has been blind and refused to listen to the leaders who saw the tornado and crisis in food approaching.

The President has said that anyone that had a better "ole" should come forth with the plan. Mr. Chairman, I am bold and yet humble in suggesting a plan which will produce and give additional food, not only to the armed forces and the world, but the folks at home. My conclusion comes from being a farm owner for a quarter of a century and living in a farming community and studying their problems.

Let me suggest that prices as they relate to meat should be flexible. Let us establish a floor under beef and a ceiling over that beef. There should be a wide-enough difference in this floor and ceiling, from 4 to 6 cents at least in order that the individual producing meat might have a price incentive for producing better beef. The individual who produces poor meat will get a lower price. The law of supply and demand will be in operation. The individual's incentive will be given freedom of action. The packer or the buyer of livestock will be able to use his judgment as to what an animal is worth. It is folly to attempt to put the American food producer into a physical, mental, ritualistic price fixing, regimented, goose-stepping program. It cannot be done.

Then, Mr. Chairman, a most careful study should be made as to the distribution of food. There are now entirely too many profits between the producer and the consumer. It may be likely that flexible prices should be established for the consumers. In other words the consumer who wants a good corn-fed steak will pay a higher price. The cheap meat of course will bring a lower price. Such a method will help produce meat. What I am saying about meat applies to other foods. We must not strangle freedom of action and enterprise. We must not destroy the incentive of the individual on the home front. With such a program in operation and with an understanding that there will not be a constant tinkering and meddling with our economic machinery we may be assured that food will be produced and will reach the consumer.

I would urge that the study of distribution and the profits to the middleman be given immediate consideration.

I feel further, Mr. Chairman, that there should be no attempt to ration the luxuries of life. If John Jones has a thousand dollars to spend on a fur coat, let him spend it, but if Joe Doakes needs

a pair of overalls and work shirt he should be able to buy it at a controlled price.

It is absolutely necessary that this Congress do everything possible to control inflation. The methods, however, adopted by the administration in the subsidy program aid inflation. The roll-back prices give additional money to the individual to spend. Ruinous inflation would be a tragedy to American industry and the people in our country. Inflation has been knocking at our door and gradually gaining an entrance over a period of several months. It will come in like a tornado, leaving a devastating wreckage behind unless Congress and the administration recognize some of the fundamental problems involved and take the necessary steps to control inflation.

Many harsh words have been said and can be said concerning the administration and the methods they have followed, but what does it gain? Congress should have something constructive to offer. It is so easy to criticize. It is hard to offer constructive criticism. We sometimes wait until we are over the ground, for hindsight seems better than foresight. The plan that I have suggested, however, of a ceiling and a floor with flexible prices not only for meat but for other products should have serious consideration. The study of middleman profits and distribution needs the glaring light of investigation. The control of labor prices is essential.

Seldom has a plan offered by the administration been shown so quickly that it would not work. I urge the Congress, both sides of this House, through the proper committees to establish those controls and procedures which will help save the food industry of America, save us from ruinous inflation, which in turn will help win this war and bring our boys back home, where they may live under a lasting and honorable peace.

Mr. WOLCOTT. Mr. Chairman, I yield the balance of the time to the gentleman from Kansas [Mr. REES].

Mr. REES of Kansas. Mr. Chairman, the payment of subsidies to support a roll-back on retail prices of meat and other foods will not, in my judgment, contribute to the winning of the war or contribute to the best interests of the people of this country. It appears there has been a considerable amount of confusion as to the reason for the payment of subsidies in an attempt to reduce the price of certain rationed foods, especially meat. I do not believe there is serious objection on the part of Congress or the people to paying subsidies for the purpose of increasing the supply of certain strategic materials required for the war effort. That field is limited and includes a comparatively few items. For a considerable period of time subsidies were paid the farmers in order to help sustain their incomes and also to induce them to cut down their production. Now we have a different situation. We are embarking on a program, that of paying subsidies not to increase production but simply to hold down or reduce retail prices on certain rationed foods. Let it be understood that these

payments are not to go to farmers to increase production but to packers and processors to make up the difference in the roll-back of retail food prices. Just for a moment, let us see how much it will really help the consumer. A roll-back of 10 percent in the price of meat will reduce the cost of meat to the average consumer not more than \$3 per year, or 25 cents per month, but it does not guarantee that the consumer will get meat. It simply means that if meat is available under a rationing program, he will save 25 cents per month on meat. Mr. Chairman, the funds to provide for these subsidies must come from the Federal Treasury. Since there is no money on hand for this purpose, they must come from increased taxes or increased sale of bonds. In other words, you are going to ask the boys who are now fighting our battles and helping to save this country from our enemies to assist us in paying our food bills when they get back. Either they or our children or our grandchildren will be expected to pay the terrific debt that is being placed on future generations. It is, of course, necessary to increase the debt required for the prosecution of the war but I just do not believe it is right to use Treasury funds to pay food bills of the present generation unless it can be shown that the farmer or the producer is making huge profits on account of this war. If there are some excess profits, this is not the way to attack the problem.

Mr. Chairman, I believe the farmer and the producer should be given a fair chance to produce all the meat and other foods he can. He should receive a fair and reasonable profit for his labor. The amount he receives should be based on the price he is required to pay for the things he buys and he ought to be encouraged to produce every bit of food he can. Let the processor have whatever is reasonable to put the food in the hands of the retailer, and permit the retailer to be given a fair and reasonable profit. If prices must be fixed let it be on the retail price of food, and place it on the basis I have just described. Mr. Chairman, we must do everything we possibly can to encourage an increased production of food and give less attention to rules and regulations. Shortage of food is the thing that causes more difficulty than the price itself. In other words, not much good will be done in an attempt to solve the problem of food prices if we find ourselves with a dire shortage of food.

Mr. Chairman, I do not share the views of certain Members of this House who hold the payment of subsidies for roll-back of rationed foods will help prevent inflation. In my judgment it will work in the opposite direction. Such policy will tend to create inflationary conditions. I am not in favor of skyrocketing prices or inflationary conditions, but I do not believe this is the proper method of tackling the problem.

Mr. Chairman, to embark on such policy is very important. If funds from the Federal Treasury are to be used to hold or adjust prices on these commodities, then why not apply the same policy

on other consumer goods? Why not roll back prices on farm machinery and equipment that has increased so much during the past few years? If we once get good and started down the road in paying subsidies to hold the line on prices, I am concerned as to where and when it will end.

Mr. Chairman, let me emphasize again that I am concerned about the shortage of food supply that this country may face in the rather near future. Not that the American people will be in want. But with the demand for the armed forces and for our own consumption as well as that of our allies in this war, every possible effort must be made, and every encouragement be given for increased production of food of all kinds. Food is a most essential material in the prosecution of this war as well as for the winning of the peace.

Mr. Chairman, we cannot expect increased production by curbs and regulations, red tape and uncertainties, and gadgets of all kinds that tend to hamstring the farmers of this Nation. The farmer will not receive the subsidy payments under this program. He is not asking for them. All he wants is a fair price for his products on the basis of the price he is required to pay for the things he needs to buy.

Mr. BENDER. Will the gentleman yield?

Mr. REES of Kansas. I yield to the gentleman from Ohio.

Mr. BENDER. Is the gentleman familiar with the fact that the President has just vetoed the Smith-Connally bill?

Mr. REES of Kansas. No, but I am not surprised.

Mr. STEAGALL. Mr. Chairman, I yield 2 minutes to the gentleman from North Carolina [Mr. FOLGER].

Mr. FOLGER. Mr. Chairman, I am not an economist, I do not even think I am an economist, so you need not expect a very enlightening statement on my part. I feel, however, that in the general disposition toward legislation we were too fearful that there could be nobody found outside the Halls of our Congress who were competent or capable of doing anything much at all right. That has not appealed to me as a very safe course for us to take.

As one of a few who signed not a minority report, but who submitted a minority view, I subscribe to the position that we have confidence in Chester Davis. I do not know what his politics are and I do not care anything about them, but I think he must be a man competent and certainly inclined to perform a good work for this Government and for the people. We cannot stick too closely to our pet feelings about the Government and go back and talk about this provision and the other as though we were not in an emergency or in a war. Maybe if we did not have an unusual situation and maybe if we did not expect it to continue for a time, we might debate with much profit perhaps about each one of these economic questions and then say that we spell this out and you do it this way, but do not do it any other way. The objection to the sweeping lan-

guage used, and I understand that a substitute will be offered that is more restrictive in its language, with respect to section 6 of this bill is that it is all-inclusive.

We do not want to hand out subsidies to anybody, but right now as we debate this bill there are independent producers, there are independent distributors, there are independent packers who are caught in a bind and it does not seem to be possible to do anything except to provide a small subsidy in order to let them live and distribute their products to the people.

The CHAIRMAN. The time of the gentleman has expired. All time has expired. The Clerk will read the bill for amendment.

The Clerk read as follows:

SEC. 2. Section 4 of the act approved March 8, 1938 (52 Stat. 108), as amended, is hereby amended by deleting the term "\$2,650,000,000" and inserting in lieu thereof the term "\$3,150,000,000;".

Mr. SMITH of Ohio. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Ohio: On page 2, line 10, strike out all of section 2.

Mr. SMITH of Ohio. Mr. Chairman, I stated previously this afternoon that I intended to offer an amendment to strike out the increased borrowing authorization of \$500,000,000 in this bill. No justification at all was shown before our committee for this increased borrowing power for the Commodity Credit Corporation. I cannot exactly say what the mind of the committee was, but it seemed to me there was a general understanding that the provisions of the bill against the use of subsidies and the roll-back program would prevail. Therefore, there is no need, if there are not going to be any subsidies, for this increased authorization.

I understand that the Commodity Credit Corporation still has approximately \$400,000,000 or \$450,000,000 in reserve. This being the case, it seems to me that if the Commodity Credit Corporation gets to a place where it really needs any more funds it can come back to the committee and ask for them.

It seems to be one of the easiest things for these agencies to come to the committees and ask for an authorization for more money to spend. I think we should watch these items a little more closely. Being utterly opposed to this roll-back-and-subsidy program, anyway, I want to see this \$500,000,000 eliminated.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Ohio. I yield to the gentleman from Arkansas.

Mr. MILLS. Can the gentleman advise me, based upon the hearings before his committee, how much money would be required for the Commodity Credit Corporation to make necessary loans this fall on crops harvested in the fall?

Mr. SMITH of Ohio. No justification for any amount was made. That was understood by the committee.



Mr. MILLS. Would the \$450,000,000 now available to the Commodity Credit Corporation be sufficient?

Mr. SMITH of Ohio. I do not think that point was brought out before the committee.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. KEAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise to place a few figures in the Record in support of this amendment.

On page 242 of the hearings you will see where I asked Mr. Hutson how much money the Corporation was borrowing at this time last year and how much money they are borrowing now. What I was trying to find out was exactly how much money they had spent during the past year for there seemed to be a good deal of confusion as to that in our committee.

The figures given me show that they spent approximately \$500,000,000 during last year. Out of that, on the same page, they testified that they spent \$207,000,000 on foreign purchases, which we have prohibited under section 8 of this bill, and that they had spent \$25,000,000 under the subsidy program. Deducting these two items totaling \$232,000,000 from the \$500,000,000 they have spent shows that they might need for this year approximately \$270,000,000; but they have on hand today \$465,000,000. Therefore, I think the position taken by the gentleman from Ohio [Mr. SMITH] is pretty sound, and that if this bill passes with its restrictions they will not need any further money. Also owing to higher prices of farm commodities the Corporation should not be asked this year to lend so much money as they have in the past to protect farm prices. It seems to me the amendment offered by the gentleman from Ohio should be agreed to.

Mr. DIRKSEN. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I have had only brief opportunity, of course, to examine the figures that have been submitted by the Commodity Credit Corporation, but it occurs to me that this extra \$500,000,000 that is in issue in this amendment is, at least to the extent of 50 percent of that amount, unnecessary for the normal operations of the Commodity Credit Corporation. The exact amount will be about \$232,000,000, as I understand, so there would be a little cushion of about one-half of that amount. That, of course, in addition to whatever profits the Commodity Credit Corporation may have made or whatever unexpended balances are available to them, could then be used for their operations in the year to come. Is that a fair statement?

Mr. KEAN. Yes. They have \$465,000,000 on hand at present.

Mr. DIRKSEN. I recognize the importance of the operations of the Commodity Credit Corporation in the general agricultural scheme and in dealing with farm commodities. We made provision for this agency in the agriculture appropriation bill. We do insert some limitations, but we have always recognized the necessity for this kind of a trading operation when you have a very uncertain condition in the country.

My best judgment is that probably the Smith amendment that is now pending ought not to be adopted so as to hamstring the operations of the Corporation. It does not involve the subsidy money, as I understand this particular money. Of course, it will be taken care of if the subsidy restriction is adopted by the Committee of the Whole.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Arkansas.

Mr. MILLS. It is true, of course, that if this borrowing authority is not needed it will not be utilized by the Corporation.

Mr. DIRKSEN. That is quite true. Where you have a rather extensive authorization that deals not only with operations within our own country but operations abroad, as, for instance, in the case of Peruvian copper or Peruvian long-staple cotton, Brazilian cotton, Brazilian coffee, and a good many other items, I doubt the wisdom of holding them so close that you might very conceivably obstruct and hamstring their operations.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Illinois.

Miss SUMNER of Illinois. We cut them half a billion. This is one of the most important agencies for getting food, because under the Steagall amendment that was adopted and reamended they can support anywhere, at least above 90 percent of parity. They have gotten beans, snap beans, and all sorts of vegetables and strategic kinds of commodities like corn and that sort of thing that otherwise they could not have gotten without this money. It seems to me this is one place where you can put the money and get results.

Mr. DIRKSEN. That is right. It is, after all, only a borrowing authority for the purposes of operational funds.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Michigan.

Mr. CRAWFORD. If I am not misinformed, the Commodity Credit Corporation will undoubtedly be requested subsequently to make vast purchases for lease-lend. All of these funds go into their general operations, do they not?

Mr. DIRKSEN. That is right.

Mr. CRAWFORD. I do not see how we can make any mistake by letting them have this additional half billion dollars.

Mr. DIRKSEN. It does not involve so many dollars. It just involves borrowing to the limit so that they will be on the safe side.

Mr. STEAGALL. Mr. Chairman, originally officials of the Corporation asked for \$1,000,000,000, but the committee, anticipating a curtailment of the services they will be required to render next year, and that possibly this bill will take away some of the demands upon the Corporation, reduced it to the amount carried in the bill, \$500,000,000. If the officials of the Corporation find that they cannot operate with that amount, and undoubtedly the demands during the next year are liable to run well ahead

of what they have been, it will not be difficult to obtain legislation to increase the amount. But if this bill is amended, as it probably will be, it will limit the services to be rendered by the Corporation, so that it will not matter if it is more than they need, it could only be used for the purposes authorized.

Miss SUMNER of Illinois. Mr. Chairman, I call attention to this one thing. They gave us figures on their losses, and it appears in the hearings they are expected to be about \$70,000,000 from the period of their operations before the Board started. In making a little table of it for my own use it occurred to me that if they held their commodities just a bit longer and had not put them on the market in order to provide these commodities for use for war purposes, their loss would have been erased, and perhaps there would have been a profit instead. They started taking their loss, that is, the cotton loss, in 1936. That cotton could just as well have been held until today, and it would have been a profit. So I think it is just as well to keep in mind for the future, because the same kind of a situation is likely to occur after this war as during the depression, and this is the kind of a corporation with the idea of holding surpluses over from one year when there is a surplus, to another year, when there is not so as to keep a stability not only on the agricultural program, but a stability of the whole program, through stabilizing all agricultural products, and you can do it without loss. I mention that not only because there is not very much danger in voting against the amendment, but also to draw attention to the fact for future purposes, that this is something that might very well be a permanent agency, which would help to alleviate the depressions from the high peak of prosperity, from which we have suffered so much in the past in this country.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio.

The amendment was rejected.

Mr. SMITH of Ohio. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Ohio: Page 2, strike out lines 14 to 18, inclusive, and insert:

"Sec. 3. Section 7 of the act approved January 31, 1935 (Public, No. 1, 74th Cong.: 49 Stat. 4), is amended (a) by striking out 'June 30, 1943' in the first sentence and inserting in lieu thereof 'June 30, 1945', (b) by inserting '(a)' after 'Sec. 7', and (c) by inserting at the end thereof the following:

"(b) The financial transactions of the Corporation beginning with the period from July 1, 1943, shall be audited by the General Accounting Office (in accordance with the principles applicable to commercial corporate transactions) and under such rules and regulations as may be prescribed by the Comptroller General of the United States: *Provided*, That the Corporation shall continue to have the authority to make final and conclusive settlement and adjustment of any claims by or against the Corporation or the accounts of its fiscal officers: *Provided further*, That a report of such audit shall be made to Congress, together with such recommendations as the Comptroller General may deem ad-

visible, and that each such report shall cover a period of one fiscal year: *Provided further*, That a copy of each such report shall be furnished the Secretary of the Treasury and that the findings contained therein shall be considered by the Secretary in appraising the assets and liabilities and determining the net worth of the Corporation under sections 1 and 2 of the act of March 8, 1938 (52 Stat. 107), as amended: *Provided, however*, That nothing in this section shall be construed as modifying legislation authorizing the use of funds of the Corporation for administrative expenses and requiring accountability therefor.

"(c) The expenses of the audit as provided in this section may be paid up to and including June 30, 1945, from moneys advanced therefor by the Corporation, or from any appropriation or appropriations for the General Accounting Office, and appropriations so used shall be reimbursed promptly by the Corporation as billed by the Comptroller General: *Provided*, That any such advances or reimbursements shall be considered as nonadministrative expenses of the Corporation. For the purposes of such audit the representatives of the General Accounting Office shall have access to all papers, books, files, accounts, financial records, warehouses, and all other things, property, and places belonging to or under the control of or used or employed by the Corporation and shall be afforded full facilities for verifying transactions with and balances in depositaries and with fiscal agents: *Provided*, That the certified financial reports and schedules of the fiscal agents of the Corporation based on commercial audits in the usual course of business may be accepted by the General Accounting Office in its audit of the financial transactions of the Corporation as final and not subject to further audit verification.

"(d) Any examination of the corporate records shall be made at the place or places where such records are normally kept in the transaction of the corporate business, and the Corporation shall retain custody of contracts, vouchers, schedules, or other financial or accounting documents, either original or duplicate, relating to its nonadministrative transactions."

Mr. SMITH of Ohio. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection? There was no objection.

Mr. SMITH of Ohio. Mr. Chairman, this amendment should have the support of every Member of this House. It simply provides for an annual audit of the books and transactions of the Commodity Credit Corporation. If anyone can give any reason why this agency should not be subjected to an annual audit, I should like to have him rise in his place and state his reason therefor.

I do not know anything about the transactions of this agency, but here is an agency which has at its command more than \$3,000,000,000. That is a lot of money, and I think it is of interest to the people who furnish that money to know precisely what is being done with it. They ought to know, and I think they want to know. A number of agencies have been established in the last 10 or 12 years which are not subject to audit. I might say that this agency has been audited, so far as its administration is concerned, but not with regard to its operations and transactions, and until we have such an audit we do not know what the actual condition of the Commodity

Credit Corporation is. I do not think it is necessary to go into this any further. I believe, as I said a moment ago, that every Member of this House ought to vote for this amendment. I might say that originally this bill had a provision requiring an audit of the books and transactions of the agency. It was taken out of the bill, and I thought at the time it was deleted that it would be put back in another form, but it was not. That is one reason that I have offered this amendment, and I hope it will receive full support.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. SMITH].

The question was taken; and on a division (demanded by Mr. SMITH of Ohio) there were ayes 70 and noes 82.

Mr. SMITH of Ohio. Mr. Chairman, I ask for tellers.

Tellers were refused.

So the amendment was rejected.

The Clerk read as follows:

SEC. 4. The Federal Reserve banks are hereby authorized to act as depositaries, custodians, and fiscal agents for the Commodity Credit Corporation.

Mr. CURTIS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I shall support the amendment offered by the gentleman from Michigan [Mr. Wolcott] against subsidies. I feel that if this Administration were truly interested in stopping inflation and paying the cost of this war as we go along we would have had a sales tax within a few days after we declared war. The subsidy is a sales tax in reverse. It is another attempt to panhandle our way to victory. Its effect on the production of food is most disastrous.

I would like to read to you a letter that came to my office this morning from a young farmer in my district.

I fed 4 carloads of steers this past season and landed on last week's market when the Government and the packers were at loggerheads over roll-back prices. Before roll-backs were considered prices were hardly high enough to permit a feeder to break even. I borrowed the money to carry on this supposedly necessary job and now find that I have a mortgage on my cattle that were clear before I started.

Since September 1942, the cost of producing meat has advanced at least 40 percent and there is absolutely no way to roll-back this cost. Most certainly Government edict won't roll it back.

One man and I look after the stock, do the farming, and put up the hay on this small ranch which carries the usual Federal land bank loan. We were of the opinion that it was necessary work and we hoped to be able to produce 100,000 pounds of meat ready for the consumer. I feel that my business was sacrificed to enhance the position of Mr. Roosevelt in his fight with Lewis.

I feel that to continue the production of meat under the present set-up is to flirt with bankruptcy. This has little or no appeal to me. I have a further suspicion that the Government through the Office of Price Administration is planning on forcing a liquidation of livestock through the simple method of causing losses. I feel this strongly enough so that my business which was on a sound producing basis is in for drastic curtailment. Young sows which normally should raise a crop of fall pigs will be mar-

keted. There will be no fall pigs on this place for the first time in years. Our cows and heifers are in the balance and probably will be mostly sold. So far as feeding cattle is concerned that is out the window. Incidentally I increased the weight of the cattle I fed 30,000 pounds, besides improving the quality. I didn't get paid for it. I feel so strongly that a liquidation at a loss is just around the corner that I am attempting to get my house in order. It means a feast today, a famine tomorrow.

The CHAIRMAN. The time of the gentleman has expired.

The pro forma amendment was withdrawn.

The Clerk read as follows:

SEC. 5. Section 22 (g) of the Federal Reserve Act, as amended (12 U. S. C. 375a), is hereby amended by adding at the end thereof the following: "This section shall not apply to loans which the Commodity Credit Corporation has agreed to guarantee or secure."

Miss SUMNER of Illinois. Mr. Chairman, I offer an amendment which is at the desk.

The Clerk read as follows:

Amendment offered by Miss SUMNER of Illinois: Page 2, line 22, after the phrase "SEC. 5", strike out the word "Section" and insert the word "Subsection"; page 2, line 22, after the word "this", strike out the word "section" and insert the word "subsection"; page 2, line 24, after the word "to", insert the phrase "take over or purchase."

Mr. STEAGALL. Mr. Chairman, there is no objection to the amendment offered by the gentlewoman from Illinois. It meets the judgment and approval of the officials of the Federal Reserve System. It is simply a perfecting amendment.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentlewoman from Illinois [Miss SUMNER].

The amendment was agreed to.

Mr. WOODRUM of Virginia. Mr. Chairman, I move to strike out the last word and I ask unanimous consent to speak out of order.

The CHAIRMAN. Is there objection? There was no objection.

Mr. WOODRUM of Virginia. Mr. Chairman, we are at a critical hour in the history of this world conflict. Our armies in the field are winning glorious victories. Today in the minds of many American citizens, we are about to lose an important battle on the home front. The time and circumstances are not appropriate to go into much detail about that. But the Chief Executive, for reasons undoubtedly sufficient in his own mind, has sent back to the Congress without approval, the Smith-Connally bill. The other body, at the other end of the Capitol, has passed the bill over the Presidential veto. The clerk of the Senate is at the portals of the House of Representatives with a message from the Senate. It is time now for action in this body, not tomorrow, not Monday, but today.

Mr. MAY. Will the gentleman yield?

Mr. WOODRUM of Virginia. If the gentleman will pardon me just a minute.

Every man is entitled to his own individual opinion, and he must take his



own responsibility. The President can take his. He is amply qualified to do it. I want to take mine. I do not want to put it off. I want to say to the people that I represent, and I want to send a message to the boys in the fox holes and on the battle fronts that those of us here at home are going to do our part. I hope very much it will be the pleasure of this House to take immediate action upon this important matter, and not let it simmer here and work into a festering sore. We should unhesitatingly pass this bill over the veto.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. MAY. Mr. Chairman, I move to strike out the last word, and I ask unanimous consent to proceed out of order.

The CHAIRMAN. The gentleman from Kentucky asks unanimous consent to speak out of order; is there objection?

Mr. WOLCOTT. Reserving the right to object, Mr. Chairman—

Mr. MARCANTONIO. Reserving the right to object—

The CHAIRMAN. The gentleman from Kentucky [Mr. MAY] asks unanimous consent to speak out of order, and the gentleman from Michigan [Mr. WOLCOTT] reserves the right to object. The gentleman from Michigan is recognized.

Mr. WOLCOTT. Mr. Chairman, I understand that ordinarily the veto message of the President is not open to discussion.

We have before this Committee a very important bill. I have a certain responsibility to this Committee to preserve consideration of this bill. I do not intend to allow the consideration of this Commodity Credit Corporation bill to be turned into a forum for the consideration of the President's veto message.

I will not object to the gentleman from Kentucky speaking out of order, but I shall object to anyone else speaking out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

Mr. MARCANTONIO. Mr. Chairman, I reserve the right to object. I do not think it is proper or fitting as Americans to permit the House to become worked up against labor by a lot of this antilabor talk on the President's message, and I object.

The CHAIRMAN. Objection is heard. The Committee will rise informally.

The Committee rose informally, and the Speaker assumed the chair.

#### FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. FRAZIER, its legislative clerk, announced that the Senate having proceeded to reconsider the bill (S. 796) entitled "An act relating to the use and operation by the United States of certain plants, mines, and facilities in the prosecution of the war, and preventing strikes, lock-outs, and stoppages of production, and for other purposes," returned by the President of the United States with his objections, to the Senate of the United States, in which it originated, it was

*Resolved*, That the said bill pass, two-thirds of the Senate having voted in the affirmative.

The message also announced that the Senate still further insists upon its amendments numbered 5, 60, and 61 to the bill (H. R. 2714) entitled "An act making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1943, and for prior fiscal years, and for other purposes," disagreed to by the House; agrees to a further conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. McKELLAR, Mr. GLASS, Mr. HAYDEN, Mr. TYDINGS, Mr. RUSSELL, Mr. NYE, and Mr. LODGE to be the conferees on the part of the Senate.

The SPEAKER. The Committee will resume its sitting.

(The Committee resumed its sitting.)

The CHAIRMAN (Mr. GORE). The gentleman from Kentucky [Mr. MAY] is recognized.

Mr. MAY. Mr. Chairman, I hope that we will resolve our tempers, return to our customary good judgment, and particularly to adhere to that for which our forefathers fought, that it is the right of men to be independent and to enjoy their liberties. That includes the right to vote as we please and to exercise our own judgment. Just as soon as this Committee rises I expect to move the previous question—

Mr. MARCANTONIO. Mr. Chairman, I make a point of order that the gentleman is not proceeding in order.

Mr. McGRANERY. Mr. Chairman, I make the point of order that the gentleman is not in order.

The CHAIRMAN. The gentleman from New York makes the point of order that the gentleman is not proceeding in order. The gentleman from Kentucky will proceed in order.

Mr. MAY. Mr. Chairman, so far as the gentleman from New York and the gentleman from Pennsylvania know, I may have meant that I would move the previous question on the bill under consideration. But I will move the previous question, and I shall expect the House of Representatives to meet its responsibility as I shall meet mine, fearlessly and in the interest of the men in the fox-holes of Bataan and Guadalcanal and Kiska and Attu where this message of the President has struck like a 4-ton block buster. I raise no question as to the good faith of the President, but "to err is human and to forgive is divine" and I gladly concede his right to veto the Connally-Smith bill, but I have a right to and do most seriously question the wisdom of his act. No law, however severe, hurts anyone who does not violate or disobey it. The rank and file of labor are sound at heart and patriotic in purpose, but some labor leaders, as stated in the President's message, have for selfish reasons knowingly obstructed production of vital war materials and thus tied the hands of our fighting forces in our greatest hour of peril and at a time when thousands of our boys in uniform face death in many parts of the

world. I hope this House will stand man to man for the safety of our Republic and vote to override the veto.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I am hopeful that the debate on this bill will proceed in order and be brief, and when the bill is out of the way the veto message will be brought up for action.

Mr. BARRY. Mr. Chairman, I have an amendment.

The Clerk read as follows:

Amendment offered by Mr. BARRY: Page 2, line 24, after the word "secure", strike out all of section 6.

Mr. WOLCOTT. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman will state it.

Mr. WOLCOTT. I understand the amendment offered by the gentleman from New York is to strike out section 6. As I understand it, section 6 has not been read.

The CHAIRMAN. The gentleman is correct; the point of order is sustained.

The Clerk will read.

The Clerk read as follows:

Page 3, line 3, section 6:

"Sec. 6. In order to prevent the funds of the Commodity Credit Corporation or any other Government agency from being used for the payment of subsidies to maintain maximum prices for agricultural commodities or for commodities processed in whole or in substantial part from agricultural commodities, no maximum price shall be established or maintained under any law for any such commodity below a price which will reflect to the producers thereof, in the market place the support price therefor announced by the Secretary, or below the higher of the maximum prices provided in section 3 of Public Law No. 729, approved October 2, 1942, as amended, except that nothing in the foregoing provisions shall be construed to prevent the selling of wheat for feeding purposes if sold at not less than the parity price of corn nor to prevent such adjustments in the price supports and price ceilings on competitive oils and fats as may be required to bring about or to maintain the necessary relationship in the prices of such products that is required to assure adequate production for the war effort. Agreements made by the Commodity Credit Corporation prior to the enactment of this act shall not be affected by this section until 60 days after the date of enactment of this act."

Mr. WOLCOTT. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: On page 3, line 3, strike out all of section 6 and substitute in lieu thereof the following:

"Sec. 6. In order to prevent the funds of the Commodity Credit Corporation or any other Government agency from being used for the payment of subsidies. No subsidies or other payments, other than those which have accrued prior to the effective date hereof, shall be made either directly or indirectly by the Government or any agency thereof, including any Government-owned or Government-controlled corporation, to a producer, processor, manufacturer, or to any other person engaged in the production, marketing, distribution, or handling of any agricultural commodity, including milk and livestock and the products thereof, or commodities processed in whole or in substantial

part from agricultural commodities either (1) for any reduction or roll-back of maximum prices or support prices that have been or may hereafter be ordered, or (2) as a substitute for or in lieu of increasing maximum prices or support prices already or hereafter established, or (3) to maintain any maximum price already or hereafter established, from any funds heretofore or hereafter appropriated to, borrowed under Congressional authorization by, or in custody or control of any governmental agency, including any Government-owned or Government-controlled corporation, unless the Congress shall have specifically authorized the use of such funds for such purpose: *Provided*, That nothing in the foregoing provisions shall be construed to prevent the selling of wheat for feeding purposes, if sold at not less than the parity price of corn nor to prevent such adjustments in the maximum or support prices on competitive domestic vegetable oils and fats and oil seed as may be necessary to bring about or to maintain adequate production for the war effort; nor shall any maximum price for any such commodity be established or maintained for any such agricultural commodity including milk and livestock and the products thereof, or commodities processed in whole or in substantial part from agricultural commodities, below a price which will reflect to the producers thereof, in the market place a price below the support price therefor nor a price below the higher of the maximum prices provided in Section 3 of Public Law Numbered 729, approved October 2, 1942."

Mr. BARRY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN (Mr. WOODRUM). The gentleman will state it.

Mr. BARRY. Mr. Chairman, if the amendment offered by the gentleman from Michigan just read is adopted, then will it be possible to offer an amendment to strike out the entire section 6?

The CHAIRMAN. It would not.

Mr. BARRY. The only way to get an opportunity to strike out section 6 is to defeat this amendment?

The CHAIRMAN. The gentleman is correct.

Mr. STEAGALL. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Alabama.

Mr. STEAGALL. Mr. Chairman, this amendment has had careful and thorough study by the gentleman from Michigan, and myself. We have worked on the amendment jointly for several days, and we have consulted various people who have been interested in it. It has been before the Committee on Banking and Currency for consideration, but was not adopted by the committee as a committee amendment. It was not acted on by the committee. Speaking for myself, personally, I wish to say that I favor the substitute offered by the gentleman from Michigan. Unless the gentleman from Michigan desires time, I ask unanimous consent that debate on the amendment do now close.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama [Mr. STEAGALL]?

Mr. CELLER. Mr. Chairman, I object.

Mr. STEAGALL. Mr. Chairman, I move that all debate on this amendment and all amendments thereto do now close.

The question was taken; and on a division (demanded by Mr. CELLER) there were—ayes 195, noes 48.

Mr. KELLEY. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mr. STEAGALL and Mr. KELLEY to act as tellers.

The Committee again divided; and the tellers reported there were—ayes 179, noes 52.

So the motion was agreed to.

Mr. MONRONEY. Mr. Chairman, I move that the Committee do now rise.

The question was taken; and on a division (demanded by Mr. MONRONEY) there were—ayes 42, noes 130.

So the motion was rejected.

Mr. O'HARA. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. O'HARA to the amendment offered by Mr. WOLCOTT: Line 4, after the word "hereof", insert "including the commitments heretofore made for the production and processing of canned vegetables for the crop season for the year 1943."

The CHAIRMAN. The question is on the amendment to the amendment.

The question was taken; and on a division (demanded by Mr. AUGUST H. ANDRESEN) there were—ayes 125, noes 95.

So the amendment to the amendment was agreed to.

Mr. HULL. Mr. Chairman, I offer an amendment to the amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. HULL: After the amendment proposed by the gentleman from Michigan, Mr. WOLCOTT, insert the following: "Agreements made by the Commodity Credit Corporation prior to the enactment of this act shall not be affected by this section until 60 days after the date of the enactment of this act."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. HULL] to the amendment.

The amendment to the amendment was rejected.

Mr. GILCHRIST. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GILCHRIST: Amend the pending Wolcott amendment by inserting after the words "parity price of corn" the words "at the time and in the area of the sale."

The amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. WOLCOTT] as amended.

The amendment was agreed to.

The Clerk read as follows:

Sec. 7. Such modifications shall be made in maximum prices established under the Emergency Price Control Act of 1942, approved January 30, 1942 (Public Law No. 421, 77th Cong.), and an act to amend the Emergency Price Control Act of 1942 to aid in preventing inflation and for other purposes, approved October 2, 1942 (Public Law No. 729, 77th Cong.), for any agricultural commodity and for commodities processed or manufactured in whole or substantial part from any agricultural commodity, as the War Food Administrator determines are necessary to secure an adequate production of such commodity for war purposes.

cultural commodity, as the War Food Administrator determines are necessary to secure an adequate production of such commodity for war purposes.

Mr. STEAGALL. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. STEAGALL: On page 4, line 1, strike out "modifications" and insert the word "increases."

The committee amendment was agreed to.

Mr. WOLCOTT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: On page 4, line 10, after the word "commodity", strike out the comma and insert "including milk and livestock and the products thereof."

Mr. STEAGALL. Mr. Chairman, there is no objection to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The amendment was agreed to.

Mr. WRIGHT. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, never in my short service in the House, save on one other occasion, and that was the day on which war was declared against our enemies, have I seen this House so tense and so excited. We have very serious and grave matters confronting us today upon which we must exercise our judgment as legislators. I am interested, as is everybody else, in being faithful to the men of this Nation who are fighting on the far seas and over in north Africa. I do not think we are going to help those men by doing anything ill-considered or by doing anything which is going to interfere with the almost miraculous production which we have had in this country. My plea is that the Members of this House today use the same reason and good judgment which I have seen them exercise so often, and that they be not stampeded by any emotional appeal on the important matters on which we have to vote.

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that all debate on the pending section and all amendments thereto do now close.

Mr. BARRY. I object, Mr. Chairman.

Mr. STEAGALL. Mr. Chairman, I move that all debate on this bill do now close.

The CHAIRMAN. The question is on the motion offered by the gentleman from Alabama.

The question was taken; and on a division (demanded by Mr. COFFEE and Mr. RABAUT) there were—ayes 190, noes 29.

So the motion was agreed to.

The Clerk read as follows:

Sec. 8. Full reimbursement shall be made to the Commodity Credit Corporation for services performed, losses sustained, operating costs incurred, or commodities purchased or delivered to or on behalf of the Lend-Lease Administration, the Army or Navy, the Board of Economic Warfare, the Reconstruction Finance Corporation, or any other Government agency, from the appropriate funds of these agencies.



The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WOODRUM of Virginia, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee having had under consideration the bill (H. R. 2869) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes, pursuant to House Resolution 270, reported the same back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment?

Mr. RABAUT. Mr. Speaker, I ask for a separate vote on the Wolcott amendment.

The SPEAKER. Is a separate vote demanded on any other amendment? If not, the Chair will put them en gross.

The question is on the amendments.

The question was taken; and on a division (demanded by Mr. DICKSTEIN) there were—ayes 225, noes 32.

So the amendments were agreed to.

The SPEAKER. The Clerk will report the amendment on which a separate vote is demanded.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: On page 3, line 3, strike out all of section 6 and substitute in lieu thereof the following:

"Sec. 6. In order to prevent the funds of the Commodity Credit Corporation or any other Government agency from being used for the payment of subsidies, no subsidies or other payments, other than those which have accrued prior to the effective date hereof, shall be made either directly or indirectly by the Government or any agency thereof, including any Government-owned or Government-controlled corporation, to a producer, processor, manufacturer, or to any other person engaged in the production, marketing, distribution, or handling of any agricultural commodity, including milk and livestock and the products thereof, or commodities processed in whole or in substantial part from agricultural commodities either (1) for any reduction or roll-back of maximum prices or support prices that have been or may hereafter be ordered, or (2) as a substitute for or in lieu of increasing maximum prices or support prices already or hereafter established, or (3) to maintain any maximum price already or hereafter established, from any funds heretofore or hereafter appropriated to, borrowed under congressional authorization by, or in custody or control of any governmental agency, including any Government-owned or Government-controlled corporation, unless the Congress shall have specifically authorized the use of such funds for such purpose: *Provided*, That nothing in the foregoing provisions shall be construed to prevent the selling of wheat for feeding purposes, if sold at not less than the parity price of corn nor to prevent such adjustments in the maximum or support prices on competitive domestic vegetable oils and fats and oil seed as may be necessary to bring about or to maintain adequate production for the war effort; nor shall any maximum price for any such commodity be established or maintained for any such agricultural commodity including milk and livestock and the products thereof, or commodi-

ties processed in whole or in substantial part from agricultural commodities below a price which will reflect to the producers thereof, in the market place a price below the support price therefor for a price below the higher of the maximum prices provided in section 3 of Public Law No. 729, approved October 2, 1942."

Mr. DINGELL (interrupting the reading of the amendment). Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. DINGELL. Is this the amendment that has to do with the elimination of the payment of any subsidies?

The SPEAKER. This is the Wolcott amendment as amended.

Mr. DINGELL. I should like to have an explanation of it.

The SPEAKER. The Chair is not presumed to know the language of the amendment.

The Clerk concluded the reading of the amendment.

The SPEAKER. The question is on the amendment.

The question was taken; and the Chair announced that the ayes appeared to have it.

Mr. WRIGHT. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were refused.

Mr. MARCANTONIO. Mr. Speaker, I demand tellers.

Tellers were refused.

So the amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. WRIGHT and Mr. BRADLEY of Pennsylvania demanded the yeas and nays.

The yeas and nays were refused.

The bill was passed.

A motion to reconsider was laid on the table.

#### USE AND OPERATION OF WAR PLANTS IN PROSECUTION OF WAR—VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (S. DOC. NO. 75)

The SPEAKER. The Chair lays before the House the following message from the President of the United States.

Mr. KLEIN. Mr. Speaker, I move that the House do now adjourn.

The motion was rejected.

The Clerk read the message from the President of the United States.

(For message from the President of the United States, see proceedings of the Senate of this day.)

The SPEAKER. The objections of the President will be entered at large upon the Journal.

The question is, Will the House on reconsideration agree to pass the bill, the objections of the President to the contrary notwithstanding. Under the Constitution this vote must be taken by the yeas and nays.

The Clerk will call the roll.

The Clerk called the roll; and there were—yeas 244, nays 108, not voting 79, as follows:

[Roll No. 114]

YEAS—244

Abernethy	Goodwin	Monroney
Allen, La.	Gore	Mott
Andersen,	Gossett	Murdock
H. Carl	Graham	Murray, Tenn.
Anderson, Calif.	Grant, Ala.	Newsome
Anderson,	Grant, Ind.	Nichols
N. Mex.	Gregory	Norrell
Andresen,	Griffiths	O'Hara
August H.	Gross	O'Konski
Andrews	Gwynne	Pace
Arends	Hale	Patman
Arnold	Hall, Edwin	Patton
Auchincloss	Arthur	Peterson, Fla.
Baldwin, Md.	Hall,	Peterson, Ga.
Barrett	Leonard W.	Ploeser
Beckworth	Halleck	Poage
Bell	Hancock	Poulson
Bennett, Mo.	Hare	Price
Bland	Harless, Ariz.	Priest
Bonner	Harness, Ind.	Ramspeck
Boren	Harris, Ark.	Randolph
Boykin	Harris, Va.	Rankin
Brehm	Hays	Reece, Tenn.
Brooks	Hendricks	Reed, N. Y.
Brown, Ga.	Hertel	Rees, Kans.
Brown, Ohio	Hess	Richards
Bryson	Hill	Rizley
Buffett	Hinshaw	Robertson
Bulwinkle	Hobbs	Rockwell
Burch, Va.	Hoeven	Rodgers, Pa.
Burkin	Hoffman	Rogers, Mass.
Camp	Holmes, Mass.	Rohrbough
Cannon, Mo.	Holmes, Wash.	Rowe
Carlson, Kans.	Hope	Russell
Carson, Ohio	Horan	Satterfield
Case	Howell	Schwabe
Chapman	Jeffrey	Shafer
Chenoweth	Jenkins	Short
Chipfield	Jennings	Sikes
Church	Jensen	Simpson, Ill.
Clark	Johnson	Slaughter
Clason	Anton J.	Smith, Ohio
Clevenger	Johnson,	Smith, Va.
Cole, N. Y.	J. Leroy	Smith, Wis.
Colmer	Johnson,	Sparkman
Cooley	Luther A.	Springer
Cooper	Johnson,	Stanley
Courtney	Lyndon B.	Starnes, Ala.
Cox	Johnson, Okla.	Steagall
Cravens	Johnson, Ward	Stearns, N. H.
Crawford	Jones	Stefan
Creal	Jonkman	Stewart
Cunningham	Judd	Stockman
Curtis	Kean	Sumner, Ill.
Davis	Keefe	Sumners, Tex.
Dewey	Kefauver	Taber
Dies	Kerr	Talbot
Dirksen	Kilday	Talle
Disney	Kinzer	Tarver
Domeneaux	Kieberg	Thomas, Tex.
Dondero	Knutson	Tibbott
Doughton	Lambertson	Vincent, Ky.
Drewry	Lanham	Vorys, Ohio
Durham	Lea	Vursell
Dworshak	LeCompte	Ward
Eaton	LeFevre	Wasielewski
Elliott	McCord	Weaver
Ellis	McCowan	Welch, Ohio
Ellsworth	McGehee	West
Elston, Ohio	McGregor	Whelchel, Ga.
Fellows	McMillan	Whitten
Fernandez	McWilliams	Whittington
Fish	Maas	Wickersham
Fisher	Mahon	Wigglesworth
Fulbright	Maloney	Willey
Fulmer	Manasco	Wilson
Gale	Mansfield, Tex.	Winstead
Gathings	Martin, Iowa	Winter
Gearhart	Martin, Mass.	Wolcott
Gerlach	Mason	Woodruff, Mich.
Gibson	May	Woodrum, Va.
Gifford	Marrow	Worley
Gilchrist	Michener	Zimmerman
Gillette	Miller, Nebr.	
Gillie	Mills	

NAYS—108

Angell	Bradley, Pa.	Crosser
Barry	Burdick	Cullen
Bates, Ky.	Busbey	Curley
Bender	Butler	D'Alessandro
Bennett, Mich.	Canfield	Dawson
Bishop	Carter	Day
Blackney	Celler	Dickstein
Bloom	Coffee	Dilweg
Bolton	Cole, Mo.	Dingell

Ellison, Md.	Lynch	Robison, Ky.
Engel	McCormack	Rogers, Calif.
Felgahan	McGranery	Rolph
Fenton	McMurray	Rowan
Flannagan	Madden	Sabath
Fogarty	Mansfield,	Sadowski
Folger	Mont.	Sasser
Furlong	Marcantonio	Sauthoff
Gordon	Miller, Conn.	Scanlon
Gorski	Miller, Pa.	Schiffner
Granger	Monkiewicz	Schuetz
Green	Morrison, N. C.	Smith, Maine
Hagen	Mruk	Smith, W. Va.
Hart	Myers	Snyder
Hoch	Norman	Somers, N. Y.
Hollifield	Norton	Spence
Hull	O'Brien, Ill.	Stevenson
Jackson	O'Brien, Mich.	Sullivan
Kee	O'Connor	Troutman
Kelley	O'Neal	Voorhis, Calif.
Klein	O'Toole	Weiss
Kunkel	Outland	Welch
LaFollette	Pittenger	Wene
Lane	Powers	White
Lemke	Rabaut	Wolfenden, Pa.
Lesinski	Ramey	Wright
Lewis, Ohio	Reed, Ill.	
Ludlow	Robinson, Utah	

## NOT VOTING—79

Allen, Ill.	Gavin	Murray, Wis.
Baldwin, N. Y.	Hartley	O'Brien, N. Y.
Barden	Hébert	O'Leary
Bates, Mass.	Heffernan	Pfeiffer
Beall	Heidinger	Phillips
Bradley, Mich.	Izac	Phillips
Buckley	Jarman	Plumley
Burchill, N. Y.	Johnson,	Pracht
Byrne	Calvin D.	Rivers
Cannon, Fla.	Johnson, Ind.	Scott
Capozzoli	Kearney	Sheppard
Cochran	Kennedy	Sheridan
Compton	Keogh	Simpson, Pa.
Costello	Kilburn	Sundstrom
Culkin	King	Taylor
Delaney	Kirwan	Thomas, N. J.
Ditter	Landis	Thomason
Douglas	Larcade	Tolan
Eberharter	Luce	Towe
Elmer	McKenzie	Treadway
Fay	McLean	Van Zandt
Fitzpatrick	Magnuson	Vinson, Ga.
Forand	Merritt	Wadsworth
Ford	Miller, Mo.	Walter
Gallagher	Morrison, La.	Wheat
Gamble	Mundt	Wolverton, N. J.
Gavagan	Murphy	

So, two-thirds having voted in favor thereof, the bill was passed, the objections of the President to the contrary notwithstanding.

The Clerk announced the following pairs:

On this vote:

Mr. Treadway and Mr. Gavin for, with Mr. Baldwin of New York against.  
 Mr. Thomas of New Jersey and Mr. McLean for, with Mr. Scott against.  
 Mr. Sundstrom and Mr. O'Brien of New York for, with Mr. Keogh against.  
 Mr. Costello and Mr. Thomason for, with Mr. Fitzpatrick against.  
 Mr. Phillips and Mr. Taylor for, with Mr. Merritt against.  
 Mr. Towe and Mr. Hartley for, with Mrs. Luce against.  
 Mr. Vinson of Georgia and Mr. Kilburn for, with Mr. Wolverton of New Jersey against.  
 Mr. Jarman and Mr. McKenzie for, with Mr. Larcade against.  
 Mr. Gamble and Mr. Allen of Illinois for, with Mr. Pracht against.  
 Mr. Compton and Mr. Simpson of Pennsylvania for, with Mr. Capozzoli against.  
 Mr. Ditter and Mr. Bradley of Michigan for, with Mr. Kennedy against.  
 Mr. Morrison of Louisiana and Mr. Barden for, with Mr. Gallagher against.

General pairs:

Mr. Rivers with Mr. Wheat.  
 Mr. Hébert with Mr. Bates of Massachusetts.  
 Mr. Eberharter with Mr. Mundt.  
 Mr. Buckley with Mr. Douglas.

Mr. King with Mr. Miller of Missouri.  
 Mr. Burchill of New York with Mr. Johnson of Indiana.

Mr. Izac with Mr. Beall.  
 Mr. Gavagan with Mr. Landis.  
 Mr. Philbin with Mr. Elmer.  
 Mr. Pfeiffer with Mr. Plumley.  
 Mr. Cochran with Mr. Heidinger.  
 Mr. Fay with Mr. Culkin.  
 Mr. Kirwan with Mr. Van Zandt.  
 Mr. Delaney with Mr. Wadsworth.  
 Mr. Tolan with Mr. Calvin D. Johnson.  
 Mr. Heffernan with Mr. Murray of Wisconsin.

Mr. Byrne with Mr. Kearney.  
 Mr. Capozzoli with Mr. Simpson of Pennsylvania.

Mr. LEONARD W. HALL. Mr. Speaker, I notice that my name is mentioned as being paired for the bill. I am present, and I voted "aye", to override the veto.

The SPEAKER. The gentleman is recorded as voting "aye."

Mr. LEONARD W. HALL. But the Clerk read my name as being paired.

The SPEAKER. Pairing is a private agreement.

The result of the vote was announced as above recorded.

The SPEAKER. The Senate will be notified of the result of the vote.

## DEFENSE HOUSING

Mr. SABATH, by direction of the Committee on Rules, reported the following resolution (H. Res. 271), which was referred to the House Calendar and ordered printed:

*Resolved*, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 2975) to increase by \$300,000,000 the amount authorized to be appropriated for defense housing under the Act of October 14, 1940, as amended, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Public Buildings and Grounds, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

## EXTENSION OF REMARKS

Mr. COOLEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include a letter from Dr. Clarence Poe, president and editor of the Progressive Farmer.

The SPEAKER. Is there objection?

There was no objection.

Mr. COOLEY. Also, Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include certain resolutions passed by the Business and Professional Women's Club of Raleigh.

The SPEAKER. Is there objection?

There was no objection.

Mr. WEISS. Mr. Speaker, I ask unanimous consent to extend my re-

marks in the RECORD and include an editorial.

The SPEAKER. Is there objection?

There was no objection.

## LEAVE TO ADDRESS THE HOUSE

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent that on Monday next after the disposition of the legislative business of the day and other special orders I be permitted to address the House for 10 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. NICHOLS. Mr. Speaker, I ask unanimous consent that on Monday next after the disposition of business on the Speaker's table and other special orders I be permitted to address the House for 30 minutes.

The SPEAKER. Is there objection?

There was no objection.

## URGENT DEFICIENCY APPROPRIATION BILL—CONFERENCE REPORT

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent that I may have until midnight tonight to file a conference report on the bill H. R. 2714, the urgent deficiency appropriation bill.

The SPEAKER. Is there objection?

There was no objection.

## STATE, JUSTICE, AND COMMERCE APPROPRIATION BILL—CONFERENCE REPORT

Mr. RABAUT. Mr. Speaker, I ask unanimous consent to have until midnight tonight to file a conference report and statement upon the bill H. R. 2397, the State Department, Justice, and Commerce appropriation bill, 1944.

The SPEAKER. Is there objection?

There was no objection.

## EXTENSION OF REMARKS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks on two subjects and include certain excerpts.

The SPEAKER. Is there objection?

There was no objection.

Mr. CUNNINGHAM. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include a radio address delivered by the Honorable CLARENCE BROWN, of Ohio, relative to rationing of gasoline.

The SPEAKER. Is there objection?

There was no objection.

Mr. NICHOLS. Mr. Speaker, I ask unanimous consent to insert in the RECORD a speech I recently delivered in Oklahoma.

The SPEAKER. Is there objection?

There was no objection.

Mr. WICKERSHAM. Mr. Speaker, I ask unanimous consent to revise and extend my remarks.

The SPEAKER. Is there objection?

There was no objection.

Mr. GORDON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an article which appeared in the Chicago Daily Times and an address delivered by the Honorable Frank C. Walker, Postmaster General of the United States, formally placing on sale the stamp commemorating Poland's resistance to the Axis.



The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent that on Tuesday next, after the legislative business of the day and any other special orders, I may address the House for 20 minutes.

The SPEAKER. Without objection it is so ordered.

There was no objection.

#### EXTENSION OF REMARKS

(By unanimous consent, Mr. DIRKSEN was granted permission to revise and extend his remarks.)

Mr. GRANT of Indiana. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a letter.

The SPEAKER. Is there objection?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include two newspaper articles.

The SPEAKER. Is there objection?

There was no objection.

#### REVISION OF ALASKA GAME LAW

Mr. GREEN. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 332), to revise the Alaska game law, with Senate amendments, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments as follows:

Page 15, line 24, strike out "game fish."

Page 16, line 3, strike out "game fish."

Page 16, line 9, strike out "game fish."

Page 24, line 18, after "game", insert "or fur."

Page 24, line 22, after "hunt", insert "or trap."

The SPEAKER. Is there objection to the request of the gentleman from Florida?

Mr. MARTIN of Massachusetts. Reserving the right to object, I understand this is simply to let the Indians catch a few fish and dispose of them?

Mr. GREEN. That is the purpose of it. It pertains to privileges in that connection for members of the armed forces.

Mr. MARTIN of Massachusetts. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

The Senate amendments were agreed to.

A motion to reconsider was laid on the table.

#### ADJOURNMENT OVER

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Reserving the right to object, Mr. Speaker, will the gentleman tell us what we may expect next week?

Mr. McCORMACK. There is nothing definite on the program. District of Columbia business will be in order on Monday. I understand there are several bills that are not controversial. At least, that is the information I have received. There is the bill, S. 832, to regulate the sale of horse meat. There is also H. R. 2184, H. R. 2618, H. R. 2828, and H. R. 2988, which is a bill to amend the black-out law and provides for the allocation of \$25,000 for the activities of civilian defense.

There will be a conference report on the State, Justice, and Commerce Departments appropriation bill. During the rest of the week conference reports will be taken up if they are presented. If the bill extending the Guffey Coal Act is reported out, that will be taken up.

I know of no other legislation now, but I will advise the gentleman and keep the House advised during the week.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

#### EXTENSION OF REMARKS

(By unanimous consent, Mr. POULSON was granted permission to revise and extend his own remarks.)

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to extend the remarks I made in the Committee of the Whole and to include therein certain tables and excerpts.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

The SPEAKER. Under previous order of the House, the gentleman from Oregon [Mr. ANGELL] is recognized for 20 minutes.

#### THE CONNALLY-SMITH LABOR BILL, S. 796

Mr. ANGELL. Mr. Speaker, after passage of the Connally-Smith labor bill, S. 796, I released on June 16 a news letter discussing this bill and including certain editorials. I include as a part of my remarks this news letter, together with a letter written to Hon. ANDREW J. MAY, chairman of the Committee on Military Affairs, by various Government officials discussing the bill, and also the veto message of the President, dated June 25, 1943:

WASHINGTON NEWS LETTER FROM CONGRESSMAN  
HOMER D. ANGELL

#### THE CONNALLY-SMITH LABOR BILL, S. 796

"There is no right to strike against the public safety by anybody, anywhere, anytime." This bill was a temporary measure for the duration of war only, and its purported objectives were to stop strikes in wartime, help settle labor disputes, and keep war production going ahead full speed. Its real purpose was to chastise John L. Lewis. Everyone agrees with these objectives. No one has a right to strike against the Government. Coolidge was right when he said: "There is no right to strike against the public safety by anybody, anywhere, anytime." All of us want to do everything within our power to speed up production and assist in the prosecution of the war and to eliminate everything that will interfere with the war

program. Those of us who voted against this bill did so because in our judgment it would not accomplish these objectives, and instead of helping it would hinder the war effort. This bill, however, instead of outlawing strikes against the Government gives statutory recognition to the right of workers to strike against their Government. Instead of preventing such strikes it will tend to foster them and impede war production.

The language of the bill in section 8, which instructs the National Labor Relations Board to take secret ballots among employees who were threatening to strike "on the question whether they will permit any such interruption of war production," implies legalization of strikes in war plants if they are approved by a majority of the workers. This is directly opposed to the agreement between labor and the Government that there shall be no such strikes during the war. This bill does recognize the right of labor to strike against the Government in wartime, which is unsound.

The War Department, Navy Department, Maritime Commission, War Production Board, National Labor Relations Board, the four public members of the National War Labor Board, and the Labor Department, being the Federal agencies charged with the duty of maintaining orderly industrial relations and keeping war production to full efficiency, on May 15, 1943, advised the Congress that, in their judgment, this bill would imperil the effectiveness of the existing machinery for the orderly settlement of labor disputes. They pointed out that while recognizing the gravity of the coal-mining situation, this bill relates to American industry generally and to the whole problem of maintaining industrial peace in time of war. They further called attention to the fact that while there have been a number of strikes since the declaration of war, they have, with very few exceptions, been unauthorized stoppages of short duration opposed by the responsible leadership of organized labor, and the total man-days lost have been less than at any other time in our industrial history. They further state: "The bill runs squarely counter to the national policy embodied in the voluntary and unconditional no-strike agreement entered into by industry and labor with the President immediately after Pearl Harbor. \* \* \* It would seem unwise in time of war to experiment with an untried substitute for a policy whose worth is already demonstrated."

These departments objecting to the passage of the bill are the key war agencies of the Government having in charge the prosecution of the war on the home front and bringing victory to our cause. It would seem to be good judgment to heed their advice and follow their recommendations. They opposed the passage of the bill because it would disrupt labor relations, impede war production, and do infinitely more harm than good.

There is attached hereto a full copy of the letter from these war agencies addressed to Representative ANDREW J. MAY, chairman of the Committee on Military Affairs.

In a recent radio address James F. Byrnes, Director of War Mobilization, said:

"When you condemn the few who strike do not forget that the great mass of the workers, and with rare exceptions, the leaders of organized labor, are doing as much as any of us, and more than many of us, to see that there is no interruption of war production."

"Do not forget that during 1942 only one-twentieth of 1 percent of the time of workers engaged in war work was lost on strikes. The striker in war industry is almost as rare as the slacker in the Army."

Mr. Byrnes further pointed out that we have built 100,000 planes and bombers; we have doubled the American Navy; we are building more than 1,000,000 tons of shipping

a month; we have produced 2,225,000 machine guns and 44,830,000 bombs, and 100,000 aircraft guns. In a single year we built more than 1,000 oceangoing cargo ships and 100 oceangoing tankers. In fact, our workmen, man for man, are producing faster than Great Britain, Germany, Russia, Japan, or any other country.

There are 40,000,000 men and women working in industry in this country helping to win the war. We must not in a moment of anger by reason of a few irresponsible labor leaders engaging in strikes pass crippling legislation indicting all labor and tending to disrupt peaceful labor relations and interfere with the outstanding production job labor and management have accomplished in their contribution toward winning the war.

This bill was conceived in anger, written on the floor of the House, and is a hodgepodge of inconsistencies. David Lawrence in his column June 14, discussing the bill, said:

"It is really a wishy-washy affair and is of no permanent value whatever as a constructive policy in handling of labor disputes. What the bill, which was considerably weakened in conference as compared to the measure sponsored by Representative SMITH and passed by the House, really does is to express an axiom. It says that the Government has the right to protect work done for the Government in plants seized by the Government.

"At no time until recently was that principle ever challenged. It has never been supposed that there was any need for a law saying that when the Government seized a plant and hoisted the Stars and Stripes over it, anybody who interfered with the authority of that flag could be put on trial and jailed if convicted."

The Wall Street Journal in its issue of June 11 said editorially:

"The indignation is righteous. The dissatisfaction is well-founded. But the anti-strike bill in its present form includes provisions that seem ill-adapted to correct the mistakes in labor policy that have accumulated in recent years. If both House and Senate pass it, President Roosevelt can find several good pegs on which to hang a veto message, and the progress that might have been made will probably be lost. \* \* \*

"Now, however, as critics of the bill have said, such provisions make it appear as though Congress is setting up a system to make strikes legal in industries which are now generally understood to be covered by the broad no-strike promises of national labor leaders. Of course, during the prescribed waiting period the Government could seize the property, but that only proves the major point set forth above—namely, that enforcement really depends on Government operation. There are labor groups at this time which would be well content to use strike threats or almost anything else to extend the scope of Government ownership and operation of private industry. Such a law would play right into their hands."

The New York Times, on June 7, 1943, characterized the bill as follows:

"The antistrike bill passed by the House on Friday was largely written on the floor. This is the worst possible method of legislating. Yet the administration's failure to supply leadership for rational labor legislation and its blanket opposition to any sort of rational corrective have invited the sort of haphazard bills now in conference.

"These bills are unsatisfactory in several ways. They do not outlaw a strike in wartime unless the plant in which it occurs has been seized by the Government. This, at best, introduces an unnecessary and irrelevant stop. A union that strikes against a decision of the War Labor Board is striking against Government authority, whether or not the plant in which it works has been seized by the Government. To seize a war plant, moreover, regardless of whether the management or the union is at fault, con-

fuses the issue. Experience shows, in fact, that striking unions often welcome this procedure and actually try to force it."

Those of us who voted against this bill have been accused of doing so for political reasons. It would seem one seeking political favor would have voted for the bill and with the crowd on the popular side. The only criterion should be what is best for the war effort. We followed the recommendation of the war agencies who said that to adopt this bill would be unwise and would imperil peaceful labor relations and impede war production.

MAY 15, 1943.

HON. ANDREW J. MAY,  
Chairman, Committee on Military Affairs,  
House of Representatives, Washington,  
D. C.

DEAR MR. CHAIRMAN: We are writing to express certain views with respect to the amended version of S. 796, a bill relating to the use and operation by the United States of certain plants in the interest of the national defense, which was reported by the Committee on Military Affairs to the House on May 11, 1943.

The War Department, the Navy Department, the United States Maritime Commission, and the War Production Board, being the agencies primarily responsible for the production and procurement of war materials, are unanimous in their judgment that some sections in the bill as presently drawn would tend to interfere with such production and procurement by stimulating industrial unrest. The Department of Labor, the National Labor Relations Board, and the four public members of the National War Labor Board, these being the Federal agencies primarily concerned with the maintenance of orderly industrial relations, concur in this view and believe that the bill, as it stands, would impair the effectiveness of the existing machinery for the orderly settlement of labor disputes.

The committee bill proposes drastic and far-reaching changes in the over-all machinery and principles established by statute, Executive order, and mutual agreement, for dealing with labor relations in the war period. According to the committee report, these changes are imperative because of the emergency which may arise from the current dispute in the coal industry. But the bill in its terms is not limited to that industry and therefore must be appraised with respect to its impact upon the whole field of industrial production.

While recognizing the gravity of the coal mining situation, and without attempting to suggest here what specific steps should be taken in dealing with that situation, we note that, since the Government has taken possession of the coal mines, only a few sections of the bill have any bearing upon that particular dispute. The bill relates to American industry generally and to the whole problem of maintaining industrial peace in time of war. It is accordingly felt that in evaluating the bill our judgment should not be obscured by the exception presented by the coal mining situation to an otherwise unprecedented record of industrial peace since Pearl Harbor. Although a number of strikes have occurred since the declaration of war, they have, with very few exceptions, been unauthorized stoppages of short duration opposed by the responsible leadership of organized labor, and the total man-days lost have been less than at any other time in our industrial history.

The bill contains numerous coercive provisions, including injunctions and criminal penalties. At the same time it implicitly recognizes the propriety of strikes after a 30-day notice and a secret ballot. In both these respects the bill runs squarely counter to the national policy embodied in the voluntary and unconditional no-strike agree-

ment entered into by industry and labor with the President immediately after Pearl Harbor. This agreement, which represents the cornerstone of our wartime industrial relations structure, has been supplemented in a number of industries by written agreements outlawing strikes and lock-outs for the period of the war. This nationally accepted arrangement, whereby strikes and lock-outs have been outlawed by voluntary action, has proven by experience so satisfactory that a change in the arrangement should be approached with greatest caution. It would seem unwise in time of war to experiment with an untried substitute for a policy whose worth is already demonstrated.

The absence of any comment in this letter on other features of the bill does not necessarily imply approval of those features. The shortage of time has prevented the preparation and submission of any joint detailed analysis. Some of the undersigned agencies will, however, submit additional comment on the sections of the bill bearing on problems respecting which they have special knowledge and experience.

Sincerely,

Jno. J. McCloy, War Department;  
Frank Knox, Navy Department;  
Frances Perkins, Labor Department;  
D. M. Nelson, War Production Board;  
E. S. Land, United States Maritime Commission;  
H. A. Mills, National Labor Relations Board;  
William H. Davis, George W. Taylor, Wayne L. Morse, Frank P. Graham, the four public members of the National War Labor Board.

To the Senate:

I am returning herewith, without my approval, S. 796, the so-called War Labor Disputes bill.

It is not a simple bill, for it covers many subjects. I approve many of the sections; but other sections tend to obscure the issues or to write into war legislation certain extraneous matter which appears to be discriminatory. In the form submitted to me, the accomplishment of its avowed purpose—the prevention of strikes in wartime—could well be made more difficult instead of more effective.

Let there be no misunderstanding of the reasons which prompt me to veto this bill at this time.

I am unalterably opposed to strikes in wartime. I do not hesitate to use the powers of Government to prevent them.

It is clearly the will of the American people that for the duration of the war all labor disputes be settled by orderly procedures established by law. It is the will of the American people that no war work be interrupted by strike or lock-out.

American labor as well as American business gave their "no strike, no lock-out" pledge after the attack on Pearl Harbor.

That pledge has been well kept except in the case of the leaders of the United Mine Workers. For the entire year of 1942 the time lost by strikes averaged only five one-hundredths of 1 percent of the total man-hours worked. The American people should realize that fact—that 99.95 percent of the work went forward without strikes, and that only five one-hundredths of 1 percent of the work was delayed by strikes. That record has never before been equalled in this country. It is as good or better than the record of any of our allies in wartime.

But laws are often necessary to make a very small minority of people live up to the standards that the great majority of people follow. Recently there has been interruption of work in the coal industry, even after it was taken over by the Government. I understand and sympathize with the general purpose of the war-disputes bill to make such interruptions clearly unlawful.



The first seven sections of the bill are directed to this objective.

Section 1 provides that the act may be cited as the War Labor Disputes Act.

Section 2 relates to definitions.

Section 3 gives statutory authority to the President to seize war facilities—a power already exercised on several occasions under Executive order or proclamation.

Sections 4 and 5 of the bill provide for maintaining existing terms and conditions of employment except as directed by the War Labor Board.

Section 6 makes it a criminal offense to instigate, direct, or aid a strike in a Government-operated plant or mine.

This would make possible the arrest of a few leaders who would give bond for their appearance at trial. It would assure punishment for those found guilty, and might also have some deterrent effect. But it would not assure continuance of war production in the most critical emergencies.

Section 7 gives the National War Labor Board statutory authority and defines its powers.

Broadly speaking, these sections incorporate into statute the existing machinery for settling labor disputes. The penalties provided by the act do not detract from the moral sanctions of labor's no-strike pledge.

If the bill were limited to these seven sections I would sign it.

But the bill contains other provisions which have no place in legislation to prevent strikes in wartime and which in fact would foment slow-downs and strikes.

I doubt whether the public generally is familiar with these provisions. I doubt whether the Congress had the opportunity fully to appraise the effects of these provisions upon war production.

Section 8 requires the representative of employees of a war contractor to give notice of a labor dispute which threatens seriously to interrupt war production to the Secretary of Labor, the National War Labor Board, and the National Labor Relations Board in order to give the employees the opportunity to express themselves by secret ballot whether they will permit such interruption of war production.

It would force a labor leader who is trying to prevent a strike in accordance with his no-strike pledge to give the notice which would cause the taking of a strike ballot and might actually precipitate a strike.

In wartime we cannot sanction strikes with or without notice.

Section 8 further makes it mandatory that the National Labor Relations Board on the thirtieth day after the giving of the notice take a secret ballot among the employees in the "plants, mines, facilities, bargaining unit or bargaining units," as the case may be, on the question of whether they will stop work. This requirement would open the whole controversy over bargaining units—a fruitful source of controversy and of bitter jurisdictional strife.

Section 8 ignores completely labor's no-strike pledge and provides in effect for strike notices and strike ballots. Far from discouraging strikes, these provisions would stimulate labor unrest and give Government sanction to strike agitations.

The 30 days allowed before the strike vote is taken under Government auspices might well become a boiling period instead of a cooling period. The thought and energies of the workers would be diverted from war production to vote getting.

The heads of our military, naval, and production agencies have testified that these provisions are likely to be subversive of the very purpose of the bill—uninterrupted production.

Section 9 of the bill prohibits for the period of the war political contributions by la-

bor organizations. This provision obviously has no relevancy to a bill prohibiting strikes during the war in plants operated by the Government or to a "War Labor Disputes Act." If there be merit in the prohibition, it should not be confined to wartime, and careful consideration should be given to the appropriateness of extending the prohibition to other nonprofit organizations.

There should be no misunderstanding—I intend to use the powers of Government to prevent the interruption of war production by strikes. I shall approve legislation that will truly strengthen the hands of Government in dealing with such strikes, and will prevent the defiance of the National War Labor Board's decisions.

I recommend that the Selective Service Act be amended so that persons may be inducted into noncombat military service up to the age of 65 years. This will enable us to induct into military service all persons who engage in strikes or stoppages or other interruptions of work in plants in the possession of the United States.

This direct approach is necessary to insure the continuity of war work. The only alternative would be to extend the principle of selective service and make it universal in character.

I recognize that this bill has an entirely praiseworthy purpose to insure full war production. But I am convinced that section 8 will produce strikes in vital war plants which otherwise would not occur. Therefore, I could not properly discharge the duties of my office if I were to approve S. 796.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, June 25, 1943.

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include certain papers.

The SPEAKER. Is there objection? There was no objection.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. GAMBLE (at the request of Mr. HANCOCK), on account of illness.

To Mr. THOMASON (at the request of Mr. MAHON), for June 25, on account of official business with the War Department.

To Mr. BLOOM, for 5 days, on account of official Government business.

To Mr. VOYTS of Ohio, for 5 days, on account of official Government business.

To Mr. BATES of Kentucky, for Saturday and Monday, on account of business.

To Mr. BEALL (at the request of Mr. MARTIN of Massachusetts), from June 25 to June 28, on account of official business.

To Mr. THOMAS of New Jersey (at the request of Mr. POWERS), for 3 days, on account of illness.

To Mr. HARTLEY (at the request of Mr. EATON), for 2 days, on account of official business.

To Mr. WOLVERTON of New Jersey (at the request of Mr. CANFIELD), for 1 day, on account of illness.

To Mr. TOWE (at the request of Mr. POWERS), from June 25 to July 1, on account of illness.

To Mr. SUNDSTROM (at the request of Mr. KEAN), for June 25 and 26, on account of official business.

To Mrs. LUCE (at the request of Mr. MARTIN of Massachusetts), beginning June 25 until July 3, on account of official business.

#### SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 1242. An act to authorize appropriations for salaries and expenses, Office of Fishery Coordination; to the Committee on the Merchant Marine and Fisheries.

#### ENROLLED BILLS AND JOINT RESOLUTION SIGNED

Mr. KLEIN, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 338. An act to authorize the incorporated city of Anchorage, Alaska, to purchase and improve the electric light and power system of the Anchorage Light & Power Co., Inc., an Alaska corporation, and for such purpose to issue bonds in the sum of not to exceed \$1,250,000 in excess of present statutory debt limits;

H. R. 2292. An act to amend an act entitled "An act to provide for the use of the American National Red Cross in aid of the land and naval forces in time of actual or threatened war";

H. R. 2409. An act making appropriations for the legislative branch and for the judiciary for the fiscal year ending June 30, 1944, and for other purposes;

H. R. 2612. An act to extend the effective date of the act of December 17, 1941, relating to additional safeguards to the radio communications service of ships of the United States; and

H. J. Res. 131. Joint resolution giving the consent of the Congress to an agreement between the State of Indiana and the Commonwealth of Kentucky, establishing a boundary between said State and said Commonwealth.

#### ADJOURNMENT

Mr. McCORMACK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 35 minutes p. m.) the House, under the order heretofore adopted, adjourned until Monday, June 28, 1943, at 12 o'clock noon.

#### COMMITTEE HEARINGS

##### COMMITTEE ON THE CIVIL SERVICE

The Committee on the Civil Service will hold a public hearing on Saturday, June 26, 1943, at 10 a. m. (H. Res. 16), for further investigation and studies of the policies and practices relating to civilian employment in governmental departments, room 246, old House Office Building.

##### COMMITTEE ON THE JUDICIARY

The Special Subcommittee on Bankruptcy and Reorganization of the Committee on the Judiciary will conduct further hearings on H. R. 2857, a bill to amend section 77 of the act of July 1, 1898, entitled "An act to establish a uniform system of bankruptcy throughout the United States," as amended, at 10 a. m. on Wednesday, June 30, 1943, in room 346, old House Office Building, Washington, D. C.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk

for printing and reference to the proper calendar, as follows:

Mr. BURCH of Virginia: Committee on the Post Office and Post Roads. H. R. 2928. A bill to amend the act entitled "An act to fix the hours of duty of postal employees, and for other purposes," approved August 14, 1935, as amended; with amendment (Rept. No. 600). Referred to the Committee of the Whole House on the state of the Union.

Mr. LANHAM: Committee on Public Buildings and Grounds. H. R. 3020. A bill to authorize the use of part of the United States Capitol grounds east of the Union Station for the parking of motor vehicles; without amendment (Rept. No. 601). Referred to the Committee of the Whole House on the state of the Union.

Mr. SABATH: Committee on Rules. House Resolution 262. Resolution authorizing the Committee on Irrigation and Reclamation to make an investigation of the plans for improvement of the Columbia River; with amendment (Rept. No. 602). Referred to the House Calendar.

Mr. LANHAM: Committee on Patents. H. R. 82. A bill to provide for the registration and protection of trade-marks used in commerce, to carry out the provisions of certain international conventions, and for other purposes; with amendment (Rept. No. 603). Referred to the Committee of the Whole House on the state of the Union.

Mr. SABATH: Committee on Rules. House Resolution 271. Resolution for the consideration of H. R. 2975, a bill to increase by \$300,000,000 the amount authorized to be appropriated for defense housing under the act of October 14, 1940, as amended, and for other purposes; without amendment (Rept. No. 604). Referred to the House Calendar.

Mr. PETERSON of Florida: Committee on the Public Lands. H. R. 1388. A bill to authorize the acceptance of donations of land for the construction of a scenic parkway to provide an appropriate view of the Great Smoky Mountains National Park from the Tennessee side of the park, and for other purposes; without amendment (Rept. No. 608). Referred to the Committee of the Whole House on the state of the Union.

Mr. MADDEN: Committee on the Post Office and Post Roads. H. R. 2922. A bill to further amend the act of June 25, 1938, entitled "An act extending the classified civil service to include postmasters of the first, second, and third classes, and for other purposes"; without amendment (Rept. No. 609). Referred to the Committee of the Whole House on the state of the Union.

Mr. PETERSON of Florida: Committee on the Public Lands. H. R. 2697. A bill to provide for the disposal of materials or resources on the public lands of the United States which are under the exclusive jurisdiction of the Secretary of the Interior; without amendment (Rept. No. 610). Referred to the Committee of the Whole House on the state of the Union.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. RANKIN:

H. R. 3050. A bill providing for the promotion of certain substitute rural carriers; to the Committee on the Post Office and Post Roads.

By Mr. WEAVER:

H. R. 3054. A bill to amend the Expediting Act; to the Committee on the Judiciary.

By Mr. BRYSON:

H. J. Res. 143. Joint resolution proposing an amendment to the Constitution of the United States relating to intoxicating liquors; to the Committee on the Judiciary.

By Mr. HARTLEY:

H. Con. Res. 32. Concurrent resolution requesting the President to cause an investigation and report to be made with respect to the existing petroleum situation; to the Committee on Interstate and Foreign Commerce.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. FENTON:

H. R. 3051. A bill for the relief of Donato Forlin and Analla Gisella Forlin; to the Committee on Immigration and Naturalization.

By Mr. LANE:

H. R. 3052. A bill to correct the naval record of Carlo Solone; to the Committee on Naval Affairs.

By Mr. SHAFER:

H. R. 3053. A bill for the relief of the Realty Bond & Mortgage Co. and Robert W. Keith; to the Committee on Claims.

#### PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1740. By Mr. JACKSON: Petition favoring House bill 2082; to the Committee on the Judiciary.

1741. By Mr. ANGELL: Petition of certain citizens of Oregon, asking for the enactment of House bill 2082; to the Committee on the Judiciary.

1742. By Mr. GRIFFITHS: Petition of sundry citizens of McConnelville, Ohio, urging the passage of House bill 2082, introduced by Hon. JOSEPH R. BRYSON, of South Carolina, to reduce absenteeism, conserve manpower, and speed production of materials necessary for the winning of the war, by prohibiting the manufacture, sale, or transportation of alcoholic liquors in the United States for the duration of the war and until the termination of mobilization; to the Committee on the Judiciary.

1743. Also, petition of sundry citizens of Monroe County, urging passage of House bill 2082, introduced by Hon. JOSEPH R. BRYSON, of South Carolina, to reduce absenteeism, conserve manpower, and speed production of materials necessary for the winning of the war by prohibiting the manufacture, sale, or transportation of alcoholic liquors in the United States for the duration of the war and until the termination of demobilization; to the Committee on the Judiciary.

1744. Also, petition of sundry citizens of Cumberland, Ohio, urging passage of House bill 2082, introduced by Hon. JOSEPH R. BRYSON, of South Carolina, to reduce absenteeism, conserve manpower, and speed production of materials necessary for the winning of the war, by prohibiting the manufacture, sale, or transportation of alcoholic liquors in the United States for the duration of the war and until the termination of mobilization; to the Committee on the Judiciary.

1745. By Mr. HEIDINGER: Communications from B. D. Gates, C. M. Hine, and Frank Durfee, all of Harrisburg, and Charley Lockwood, of Galatia, all representative farmers of Saline County, Ill., opposing the proposed subsidy and price roll-back on foods as being unfair to the farmer and additional expense to the taxpayers; to the Committee on Agriculture.

1746. Also, communication from the Clay County Farm Bureau, of Clay County, Ill., opposing the proposed subsidy and roll-back on food prices; to the Committee on Agriculture.

1747. Also, communication from J. King Eaton, president, Sanitary Milk Producers, opposing the proposed subsidy and price roll-

back on foods; to the Committee on Agriculture.

1748. Also, communications from M. M. Land, Walter L. Clark, Ulla D. Given, and W. L. Miller, all representative farmers of White County, Ill., opposing the proposed subsidy and price roll-back on foods as being unfair to the farmers of the country; to the Committee on Agriculture.

1749. By Mr. LUTHER A. JOHNSON: Petition of R. T. Kiersey of Franklin, Tex., favoring House bills 1119 and 1167; to the Committee on Invalid Pensions.

1750. By Mr. MAGNUSON: Petition favoring House bill 2082; to the Committee on the Judiciary.

1751. By Mr. VORYS of Ohio: Petition of Mrs. Frank DeLashmutter and 59 other residents of Franklin County, urging the enactment of House bill 2082; to the Committee on the Judiciary.

1752. Also, petition of 82 residents of Franklin County, urging the enactment of House bill 2082; to the Committee on the Judiciary.

## SENATE

SATURDAY, JUNE 26, 1943

(Legislative day of Monday, May 24, 1943)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Our Father God, we would be valiant in a day when the hearts of many turn to water in them. As we here seek a solution for the Nation's tangled problems, may we not be found unwilling to pay the price of better things. Teach us the vanity and futility of a quest for salvation which leaves ourselves unchanged. We mourn the misunderstandings and suspicions, the alienations, the strife between class and class, which weaken the Nation's strength and sap our vitality when in this age on ages telling we must be strong, for our own sakes and for the sake of the world's tomorrow. As we remember those of our own fellow countrymen who in far places are ready to lay down their lives for the preservation of our heritage of freedom, save us from lowering the shield of national solidarity just as the air is filled with the poison arrows of determined foes.

O Thou, in whose Holy Name our Nation was baptized at its birth, enable us to find that one highway along which we may march together to the promised land. Grant that we may be found among the shining company of prophets and forerunners who, amid the encircling gloom, have sought the mind and the will of God and who have known the time of his visitation and restoration and with faith and hope and love have prepared the way of the Lord. We ask it in the dear Redeemer's name. Amen.

#### THE JOURNAL

On request of Mr. HILL, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Friday, June 25, 1943, was dispensed with, and the Journal was approved.